

LAO PEOPLE'S DEMOCRATIC REPUBLIC
THE POVERTY REDUCTION FUND



**FINANCE
AND
ADMINISTRATION
MANUAL**

February 2003

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Introduction

This Finance and Administrative Manual (FAM) is intended to provide guidelines to staff of the Poverty Reduction Fund Office (PRFO) for financial management and project administration. The manual shall describe flow of funds, authorities and delegation of responsibilities of the project staff, disbursement procedures, internal controls, financial and accounting policies and procedures, and transaction flows as well as budget preparation procedures.

This manual should be read in conjunction with the project Credit Agreement, the International Development Association's (the Association's) Project Appraisal Document (PAD), the Project Agreement, the Operation Manual (OM), the Accounting Procedures Manual (APM) and the various standard guidelines and procedures issued by the Bank and referred to hereinafter.

Topics covered in this Manual are presented in the following order:

- Organization, project structure and staffing
- Internal Control and Financial Authorities
- Accounting System
- Planning and Budgeting
- Funds Flow and Disbursement procedures
- Project Reporting
- Procurement Guideline and Relevant Threshold
- Other administrative work

SECTION I

MANAGEMENT AND PERSONNEL ADMINISTRATION

Chapter 1: ORGANIZATION AND PERSONNEL

1.1 ORGANIZATION AND OBJECTIVES AND ESTABLISHMENT OF PRF

The Poverty Reduction Fund (PRF) is a legally and financially autonomous established organization, formed and operated in accordance with the Decree of the Prime Minister No 31 / PM dated May 31, 2002. The main objectives of the Fund are to finance small-scale investment and services and to strengthen local capacity in respect of village development.

1.2 ORGANIZATIONAL STRUCTURE

The organization structure of PRF has (1) a Fund's Administrative Board and (2) Poverty Reduction Fund Office headed by an Executive Director.

National Administrative Board This is the highest-level policy body for the Fund. The Board performs a number of important tasks including, but not limited to, setting policies and rules; establishing targets, defining clusters of target villages; creation of the yearly plan and budget; seeking additional resources to support the development program; monitoring of progress; establishing and improving procedures and systems; and clarification to related government agencies regarding the project.

The Board will include knowledgeable influential and implementation members from government and civil society. The members include the Ministers/Vice-Ministers or Representatives of each sector as following; Committee for Planning and Corporation, Ministry of Finance, Civil Society, Bank of Lao PDR, the Lao Front for National Construction, the Lao Women's Union, the Lao Youth Executive Committee, and Vice Governors of the targeted Provinces. The Board comes directly under the guidance of the President of the Committee for Planning and Cooperation (CPC), who is the Chairperson; the deputy chairpersons are the Minister of Ministry of Finance and a respected member of Civil Society. The committee will meet semi annually or more often as needed.

The Poverty Reduction Fund Office (PRFO) and the Executive Director.

The office will serve two distinct functions: (1) Project facilitation in fund management and (2) Secretariat to the Administrative Board indicated above. The Executive Director has overall responsibility for the Fund and the project's implementation and results. He has responsibility for management of the provincial team and for oversight of activities in all the provinces. This person will report directly to the Administrative Board in Vientiane.

The operation of the Fund is vested upon the three operation sections under the PRFP: (1) Monitoring and Evaluation, including project MIS, the handling of complaints and project reporting; (2) Finances, including procurement, administration and personnel; and (3) Operations and Training, including civil engineering, IEC and training, and community development. The detailed functions of these sections are found in Chapter II of the Operations Manual.

The organization structure of the PRFO and its operation units are shown in the annexes.

1.3 STAFFING

At initial start up, PRFO will need a minimum of 72 staff (not including the khet staff) to cover for three provinces and 10 districts to implement its various activities/ functions. Below is the number of personnel of each position.

	Number of Staff			
	Management/ Coordinators	Staff	Support	Total
<u>National Level</u>				
1 Executive Director	1			1
2 Senior Advisor	1			1
3 Senior Technical Advisor	1			1
4 Operation and Training Unit	1	4		5
5 Monitoring & Evaluation	1	3		4
6 Finance & Administration	1	5		5
7 Secretaries			1	1
8 Drivers			2	2
	6	12	3	21
<u>Provincial level</u>				
1 Project Coordinators	3			3
2 Engineers		3		3
3 Specialists (CD+FM+M&E)		9		9
4 Secretaries			3	3
5 Drivers			3	3
	3	12	6	21
<u>District Level</u>				
1 Technical Facilitators		10		10
2 District Facilitators		20		20
	0	30	0	30
	9	54	9	72

1.4 RECRUITMENT AND QUALIFICATION STANDARDS

The selection of personnel should be based on the following:

- The selection and employment of personnel will be based on the qualifications, knowledge, capability and work experience of the individual. Applicants for available positions will be interviewed by a Selection Committee. The Selection Committee shall comprise at least 3 individuals approved by the Executive Director.
- TOR and Selection of all management level positions is subject to the approval by the Executive Director and concurred by the Bank.
- To attract the most qualified applicants, vacancies required will be published in several local newspapers in Lao PDR. The broadcast media will also be tapped to announce vacancies in PRFO.
- After the Selection Committee has summarized the results of the interview, the results will be presented to the Executive Director for approval.

1.5 TERM OF CONTRACT AND TERMINATION

▪ Contracting

All contracts for employment with PRF will be on 12 months terms including 3 months probation period and may be renewed or amended upon the recommendation of the Unit Head and subject to the approval by the Executive Director.

▪ Contract Termination

The employment contract will be terminated as follows:

1. On expiration of the employment contract as determined in the contract.
2. In the case that the employee has committed the following:
 - Negligence of responsibilities.
 - Violation of PRF regulations and directives or disregard for direction provided by immediate supervisor resulting in serious damages to the PRF.
 - Negligence resulting in serious damages to the PRF.
 - Sentenced to a jail term by a court of the highest level.
 - Absence from work for 3 continuous days without adequate reason.
 - Any dishonest conduct.

1.6 JOB DESCRIPTION

The Unit Head shall assure that the job descriptions of all staff members under his/her control have been clearly defined. The essential components common to all job descriptions are:

- i- The designation of the position;
- ii- The duty station;
- iii- The key and full responsibilities of the position; and
- iv- The qualifications and required experiences of the incumbent.

A job description setting out the key tasks to be performed is required before a new staff position is established and advertised for recruitment.

The job descriptions for a section of the organization should together provide for achieving the outputs that are the responsibility of that section.

The responsibilities or emphasis of a job description can be changed and the job descriptions must be kept up to date. The Unit Head should review job descriptions, on an annual basis, for his/her Unit and also whenever a position becomes vacant and is to be advertised. The reports of job description should be carried out in a transparent manner and serve as the basis for extension of contracts.

1.7 COMPENSATION PACKAGE

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1. Employee Welfare

The PRFO will provide annual leave, sick leave, life insurance, accident insurance and health insurance coverage for employees in accordance with rules and regulations applied by the Lao Government including:

- Working hours: Between 08:00 AM to 12:00 AM and from 1:00 PM to 4: 00 P.M from Monday to Friday.
- Public Holidays: the PRF follows the regular national holidays schedule
- Annual leave: 15 working days per year
- Sick leave: Maximum 14 consecutive days at a time. For periods longer than 14 consecutive days, the staff must take a sick leave without pay for a maximum period of 90 days.
- Termination of employment: The staff or the PRF can terminate the contract agreement on 30-day notice, except for short-term contract and during probation period for which the usual notice is 15 days.

SECTION II

FINANCIAL MANAGEMENT

Chapter 2: INTERNAL CONTROL AND FINANCIAL AUTHORITIES

2.1 INTERNAL CONTROL:

Internal control is a process comprising of all policies and procedures adopted by the management of the project entity to assist in achieving management's objective of ensuring the orderly and efficient conduct of the project, including adherence to management policies, the safeguarding of the assets, the detection of fraud and error, the accuracy and completeness of accounting records, and timely preparation of reliable financial information.

PRF develops financial management policies and procedures to ensure that an effective internal control system is built comprising of:

Segregation of duties and responsibilities

- The persons who (i) authorizes to execute a transaction, (ii) records the transaction, and (iii) custody of assets involved including cash and bank balances shall be segregated from each other.
- The persons who (i) order (ii) receive (iii) carry out the accounting and (iv) pay for goods and services shall be segregated.
- The persons who (i) prepare bank reconciliation, (ii) make and approve payments shall be segregated.

Authorization Procedures

- Authorization of subprojects and contracting for implementation shall be carried out in accordance with procedures in the Operation Manual. The Operation section shall be responsible for submitting to the Executive Committee for approval of sub-projects and the Procurement Unit shall be responsible for contracting.
- Subproject payments shall be in accordance with procedures in the Operation Manual and shall be certified by the Accountant of the Provincial Office after clearance from technical progress assessment.
- The Executive Director shall authorize, support by a section Head's verification, the uses of Fixed Asset and Supplies, staff and consultant recruitment.
- All purchases for administrative and operating expenditures for the amount above US\$ 200 equivalent shall be approved by the Executive Director and a purchase order is required to be issued.
- The Finance & Admin unit shall be responsible for ensuring that all payment requests are properly authorized and fully supported. No payments shall be made without a voucher supporting with adequate payment evidences. The vouchers shall be duly passed by authorized officers.

Financial Control System:

- All transactions must be reflected, by supporting documentation, which provides objective and verification.
- Statement of Expenditures submitted for replenishment is required to be reviewed and approved by persons other than cashiers. Original supporting documents (invoices, receipts, relevant sub-grant agreements) will be retained at each participating provinces for subsequent audits.
- The section head of FA will arrange field visit and audit each participating province quarterly and each participating district semi annually.
- All receipts are deposited intact within the next working day.
- Payments will be required to be authorized based on payment approval procedures established for the project indicated in the table of financial authorities.
- Voucher will be prepared with adequate explanations, sequential numbering and approved by authorized persons prior recording accounting entry.
- All financial reports shall be reviewed and approved by relevant section heads and executive director prior submitting.

Bank Accounts Control:

- The project accountant will reconcile the balances on the bank accounts per the relevant PRF's accounting records with statements received from the banks at which those accounts are held on monthly basis.
- The project accountant will reconcile accounting records with the IDA generated disbursement records on a quarterly basis.
- The section head of FA will arrange periodic cash verification with reference to relevant cashbooks and periodic surprise cash count at both central and participating provinces.

Fixed Asset Control:

- The Fixed Asset Register will be maintained by the project accountant who should be notified about worn out or obsolete assets with no cash value.
- Any acquired or donated assets will be recorded. This record will include a description of the asset, date received, cost or estimated value, location, and an indication if it was purchased or donated.
- The section head of FA shall arrange independent verification and physical check annually.

Procurement Controls:

- Contract and all other significant aspects of procurement shall be approved by authorized persons and monitored by Finance and Admin section.
- Contract amounts shall be recorded from the agreed contracts and that subsequent changes are both in accordance with contract provisions and approved by authorized persons and adjusted to the amounts in the contract records.
- Amounts invoices and payments against contracts are adequately checked, reviewed and approved.

Consultants Fees:

- External Consultant fees will be denominated in US dollars according to contracts and paid partly in KIP (approximately less than 30%) converted by exchange rate at payment date.
- Travel Per Diems for actual travel days incurred will be paid according to the rates specified by the MoF for IDA funded projects.
- Staff allowances other than travel per diem shall not be paid in keeping with IDA regulations.

2.2 FINANCIAL AUTHORITIES

Procedures for the Authorization of expenditures and payments :

<i>Accounting and /or financial operations</i>	<i>Document</i>	<i>Document prepared by</i>	<i>Transaction check/approved by</i>	<i>Document signed off</i>
<p>Credit Account operations</p> <p>1. Special Account Replenishment</p> <p>2. Direct payments against goods or services contract or invoices</p> <p>3. Direct payments against L/C</p>	<p>1. Form 1903</p> <p>2. Supporting document</p> <p>3. Form 1903</p> <p>4. Supporting documents</p> <p>5. Form 1931</p> <p>6. Supporting documents</p>	<p>Accountant</p> <p>Accountant</p> <p>Accountant</p> <p>Accountant</p>	<p>Director/ Head of Finance & Admin Unit.</p> <p>Director/ Head of Finance & Admin.</p> <p>Director/ Head of Finance & Admin.</p>	<p>MOF</p> <p>MOF</p> <p>MOF</p>
<p>Special Account operations</p> <p>1. Project account replenishment</p> <p>2. Special Accounts Payments against contract or invoices for goods or services</p>	<p>1. Payment order form</p> <p>2. Statement of Expenses.</p> <p>2. Payment order Form</p> <p>3. Invoice/Contract</p>	<p>Accountant</p> <p>Provincial Accountant</p> <p>Accountant</p>	<p>Head of Finance & Admin.</p> <p>Head of Finance & Admin.</p>	<p>Director & Ministers</p> <p>Director & Ministers</p>
<p>Project account operations (Local bank account)</p> <p>1. Payment against contract or invoices for goods or services</p> <p>2. Petty cash replenishment</p> <p>3. Salaries payment against employees individual account</p> <p>Provincial level:</p> <p>1. Payment against contract or invoices for goods or services</p> <p>2. Petty cash replenishment</p>	<p>1. Cheque</p> <p>2. Invoices/Contract</p> <p>3. Cheque</p> <p>4. Statement of Expenses.</p> <p>5. Cheque</p> <p>6. Calculation</p> <p>1. Cheque</p> <p>2. Invoices/Contract</p> <p>3. Cheque</p> <p>4. Statement of Expenses.</p>	<p>Accountant</p> <p>Accountant</p> <p>Accountant</p> <p>Accountant</p> <p>Accountant</p>	<p>Head of Finance & Admin.</p> <p>Head of Finance and Admin.</p> <p>Head of Finance and Admin.</p> <p>Coordinator</p> <p>Coordinator</p>	<p>Director</p> <p>Director</p> <p>Director</p>

Petty Cash operations				
1. Petty cash payment against invoices and contracts	1. Voucher 2. Invoice	Accountant	Director / Head of Finance and Admin.	
2. Petty cash payment against travel expenses	3. Voucher 4. Travel expenses calculation and supporting document.	Accountant	Director / Head of Finance and Admin.	
Provincial Level:				
1. Petty cash payment against invoices and contracts	1. Voucher. 2. Invoice	Accountant	Coordinator	
2. Petty cash payment against travel expenses	3. Voucher 4. Travel expenses calculation and supporting document.	Accountant	Coordinator	
Procurement				
1. Request for Proposal	1. RFP Documentation	ETF Finance Department	Fin. Man./Team (incl. Task Manager)	Director/Team
2. Evaluation	2. Proposals	ETF Finance Department	Fin. Man./Team	Director/Team
3. Contract	3. Contract	ETF Finance department	Fin. Man./Team	Director

2.3 AUTHORIZATION LIMIT FOR OPERATING CASH AND BANK BALANCES

Payment in cheque or bank withdrawal slip over US\$ 2000 requires co-signatories by Executive Director and the Head of Finance and Administration.

Payment for operating and administrative expenses over US\$ 2,000 shall be made in cheque.

Payments for a sub project shall be made in cheque or bank transfer. The cheque or bank withdrawn slip (for transfer) issued at provincial level are required to be co-signed by provincial coordinator and accountant.

Ceiling of Petty Cash fund will be US 2,000.

At national level, any single petty cash payment over US\$ 200 is subject to the Executive Director's approval. For any single petty cash payment below US\$ 200, the Head of Finance and Administration may be authorized to approve.

At provincial level, any single petty cash payment below US\$ 100 is required approval by Provincial coordinator and accountant. Any single petty cash payment over US\$ 100 is subject to the Executive Director's approval.

The operational procedures regarding petty cash, bank accounts and cash advance as well as purchasing is attached in the annex 11.2.

Chapter 3: ACCOUNTING SYSTEM

This section should be read in conjunction with accounting procedures manual (APM)

3.1 ACCOUNTING ORGANIZATION

The finance and administration Unit is led by the Head of Finance and Administration. This section is responsible for coordinating with the project management team on the financial, procurement and administration aspects. The Unit comprises of three functional areas: (1) Administration and Personnel; (2) Finance and Accounting; (3) Procurement and Contract Management.

A major function of the Finance and Accounting unit will be to ensure that the project financial management system including accounting, financial reporting and auditing systems are adequate for providing to the Bank and the Management of the Project, accurate and timely information regarding project resources and expenditures. The unit would consist of a Head of Finance and Administration, accountants at national level and a provincial accountant at each province. The Head of Finance and Administration shall establish an efficient and effective funds disbursement mechanism that will enable the PRFO to comply with its mandate to finance demand driven social and infrastructure sub- projects in the poorest areas of LAO PDR.

3.2 APPLICABLE ACCOUNTING POLICIES AND PROCEDURES

Accounting of the project will be recorded in double entry. At national office, the accounting system is a computerized processing system by ACCPAC accounting software. At sub-national levels, books and records will be maintained manually. The provincial accountants are required to submit movement transactions monthly to be entered into the computerized system. The required reports will be elaborated in the APM.

The fiscal year will be from October 1 to September 30.

The basic accounting principles applicable to the accounting procedures for the PRF's activities shall be as follows:

- The accounting system will be based on the **accrual method of accounting** in which revenues and expenses are recorded as they incur for each accounting period even if revenues have not been collected or expenses have not been paid.
- Accounting transactions will be recorded in US\$ dollars in parallel with KIP local currency including the Special Account. Transactions arising in other foreign currencies shall be translated at the exchange rates ruling at transaction dates.
- Monetary assets and liabilities denominated in other foreign currencies at the balance sheet date are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are dealt with in the income and expenditure account.
- The financial statements are prepared under the historical cost basis accounting. The valuation of assets and liabilities shall be in accordance with Generally Accepted Accounting Principles (GAAP). No depreciation will be charged for the purposes of FMRs.
- The reports will be presented in both US\$ and Kip.

3.3 ACCOUNTING FOR SUB-NATIONAL LEVELS.

Provincial financial management capacity

The national office of PRF should ensure financial management capacity at the provinces by providing regular training, accounting supervision and meetings to discuss the issues in financial management. Field visits should be conducted by the national financial team at least quarterly for a province and semi-annually for a district.

Advance to provincial bank accounts

Funds will be channelled to each participating province via initial advance to the provincial bank account and replenishment. The ceilings of advance in each province will be set based on estimated two months expenditures. Replenishment is required to be made on a monthly basis.

Replenishment

At the end of each month, provincial accountant will request for reimbursement from the national office of PRF by summarizing the amount paid according to subprojects agreements for subproject claims, and suppliers' invoices/receipts, consultants and etc. for operating costs. The national office of PRF will transfer the money from the Special account and counterpart bank account to the Provincial Accounts based on the eligible percentage indicated in Credit agreement. The original supporting documents will be retained at the provinces and subject to be audited quarterly by the national PRF financial staff. The minimum reports submitting for claims shall comprise of:

- Statement of Expenditures summarized expenditures by disbursement category and funding sources (IDA and GOL);
- Bank statements showing movements during the month;
- Bank Reconciliation; and
- Ledger of Bank account.

Such request should be submitted to the national PRF within 5 working days after the end of each month.

The national PRF will check the SOE, ask for clarifications (if any), obtain the approval for replenishment from relevant approving manager and release the replenishment within 5 working days after the receipt of the request. No further replenishment shall be made until the replenishment of the previous month is received and approved and the required reports are submitted.

Required documents and reports

At the end of every month, the provincial Accountants should prepare the following documents and submit to the national office within 5 working days after the end of each month:

- Provincial Statement of Expenditures (See also Accounting Procedures Manual Form R);
- Bank statements showing movements during the month;
- Cash Book Summary (See also Accounting Procedures Manual Form M);

- Copies of relevant pages of the Cash Book;
- Bank Reconciliation (See also Accounting Procedures Manual Form O);
- Outstanding Advance Summary (See also Accounting Procedures Manual Form G); and
- Cash Count Sheet summary (See Form page 65 in this manual).

At the end of each quarter (Dec, Mar, June and Sept), each province should prepare quarterly FMRs to report the project activities and progress as well as a summary of the use of the fund during the quarter. The report should be submitted within the second week after the end of each quarter.

Chapter 4: PLANNING AND BUDGETING

4.1 PLANNING AND BUDGETING

The PRF shall formulate a work plan for both annual and longer term planning. The work plans define activities that should be implemented during the project life with breakdowns into annual activities. The plans will be a compilation of the plans of the various functional units covering the planned activities and the necessary budgets.

Based on the Credit Agreement and the annual work plan, PRF shall estimate a disbursement plan from IDA and government contribution in accordance with government regulations and datelines activities. The budget will be monitored according to the annual work plan and budget plan approved by the Administrative Board, the Ministry of Finance and the World Bank.

Procedures for budget requisition (Counterpart fund)

The Head of Finance and Administration is responsible for preparing cost estimates (plan) of counterpart contribution for each following year. Counterpart fund plan presents in details each component and each Fund (IDA, counterpart and other fund).

Budget Formulation

The Government fiscal year is from October 1 to September 30.

- **In April**, the PRF should prepare the annual budget, which incorporate funds required for both national level and provincial level offices. The annual work plan and budget shall be submitted to the Administrative Board for approval prior to submitting them to the Committee for planning and Cooperation (CPC) and the Ministry of Finance.
- **In May**, the Committee for Planning and Cooperation (CPC) and the Ministry of Finance, in conjunction with the PRF prepare first draft of the budget and submit to the government. After considering the first draft, the MOF and CPC will process the modified draft and submit to the government.
- **In September**, after considering the modified draft, the government will submit the draft national budget to the National Assembly. After approval by National Assembly (NA), the government will then adopt the national budget within 15 days. Once the NA has approved the work plans and budgets, the plans will be forwarded to the World Bank for reference.

Budget Execution

The PRF will divide annual budget allocations into quarters and send to the Budget Department and the Budget Department will then allocate fund according to the budget nomenclature.

Report on Budget Execution

The quarterly report on budget execution together with the next quarter disbursement plan should be forwarded to the budget department.

4.2 SOURCES OF FUND AND BUDGET

The Fund is financed through a credit from the World Bank amount to US\$19.345 millions and the Government as counterpart funds amount of US\$2.149 millions.

The PRF is not an income generating organization; however there may be occasions where the PRF has derived some income. In this case, the PRF's income shall be deposited into bank accounts and be used for the project operation purposes.

4.3 ANNUAL WORK PLAN AND BUDGETING

Annual Work Plan and Budgeting is as indicated in the financial summary of the Project Appraisal Document. This document is considered as a restricted document and any modification is therefore subject to approval by the Administrative Board and the Bank.

Chapter 5: Funds Flow

5.1 FUNDS FLOW ARRANGEMENTS

At central level, PRF will open two bank accounts, one Special Account denominated in US dollar currency for receiving funds from the Bank, and another in KIP local currency for receiving funds from government budgetary allocations.

Each Province will operate two bank accounts, (i) one Provincial Account for Operational Costs and Development Activities comprising of funds transferred from the Special Account at central level and (ii) a second provincial account receiving government budgetary allocations from central level. All bank accounts under the project will be managed by PRFO.

Provincial Accounts for Operational costs and Development Activities

In every province that PRF will operate, provincial coordinators will open project accounts in KIP local currency at local commercial banks (initially accounts will be opened in three provinces – Champassak, Houaphanh and Savannakhet). Initial fund will be advanced from the Special Account equivalent to two months projected expenditures. Replenishment will be made monthly based on actual payment made.

Initial allocation of fund to the provincial account shall be required prior approval from the Bank, supporting with adequate justification made by the executive director and the work plan.

Provincial Account for Government contribution

The account from Government contribution will be maintained in KIP local currency for GOL's fund. The account will use a revolving system with a certain floating amount determined based on two-month recurring eligible expenditures financed by the Government. Replenishment shall be made monthly based on actual payments made for operating expenses of PRF on revolving basis.

The determined amount will be reviewed by the FA section head and approved by the Executive Director.

At provincial level, the fund will be managed by provincial PRF and the bank will be selected in consultation with the Ministry of Finance based on availability of branches at its Districts and Villages, time taken in transferring funds, capability in providing monthly bank statements and the financial health of the Bank.

Receipt of Funds

The principle sources of fund are from: (1) IDA Credit and (2) the Government counterpart.

The PRF may receive cash or checks in normal course of business from sources other than donors. For example, refunds from contractors or suppliers. In this case, an accountant should deposit intact such receipts to the bank.

IDA credit

The credit proceeds will be disbursed based on traditional system (from Special Account with reimbursement made based on full documentation and against Statements of Expenditures (SOEs), and direct payments from the Credit Account).

IDA funds will be channelled through the Special Account. PRF, under MOF's authority and approval, will establish and operate a Special Account at Bank of Lao PDR, the central bank. For funds flow to participating provinces, it is proposed that project accounts will be opened and managed by the PRF financial officers in each provincial office. Each project account will have an advance equivalent to two months of projected expenditures. PRFO's Executive Director will be the manager of these project accounts.

Replenishment from the Credit

Every month, or when the amounts withdrawn equal 20 percent of initial deposit, the accountant will prepare the necessary supporting information for a standard IDA Withdrawal Application which will be approved by the Executive Director. Such supporting information will comprise SOE listings for expenditures below the prior review thresholds and full documentation details for expenditures greater than the prior review thresholds and will be prepared in accordance with requirements described in the IDA Disbursement Handbook. The project accountant will prepare the withdrawal application using the IDA form 1903 and submit the said form to the MOF for review and signature. MOF will then submit the form to IDA for the replenishment of the Special Account within 3 days of receipt.

Documentation submitted with applications must include related bank statements from the bank holding the account. Bank statements must give details of all transactions and must be provided even when no transaction occurred during the month. These statements must be reconciled against items included in replenishment applications. Any discrepancies must be explained to the satisfaction of the Loan Department of the Bank. For prompt processing, the PRF should provide appropriate cross-references to items included in replenishment applications.

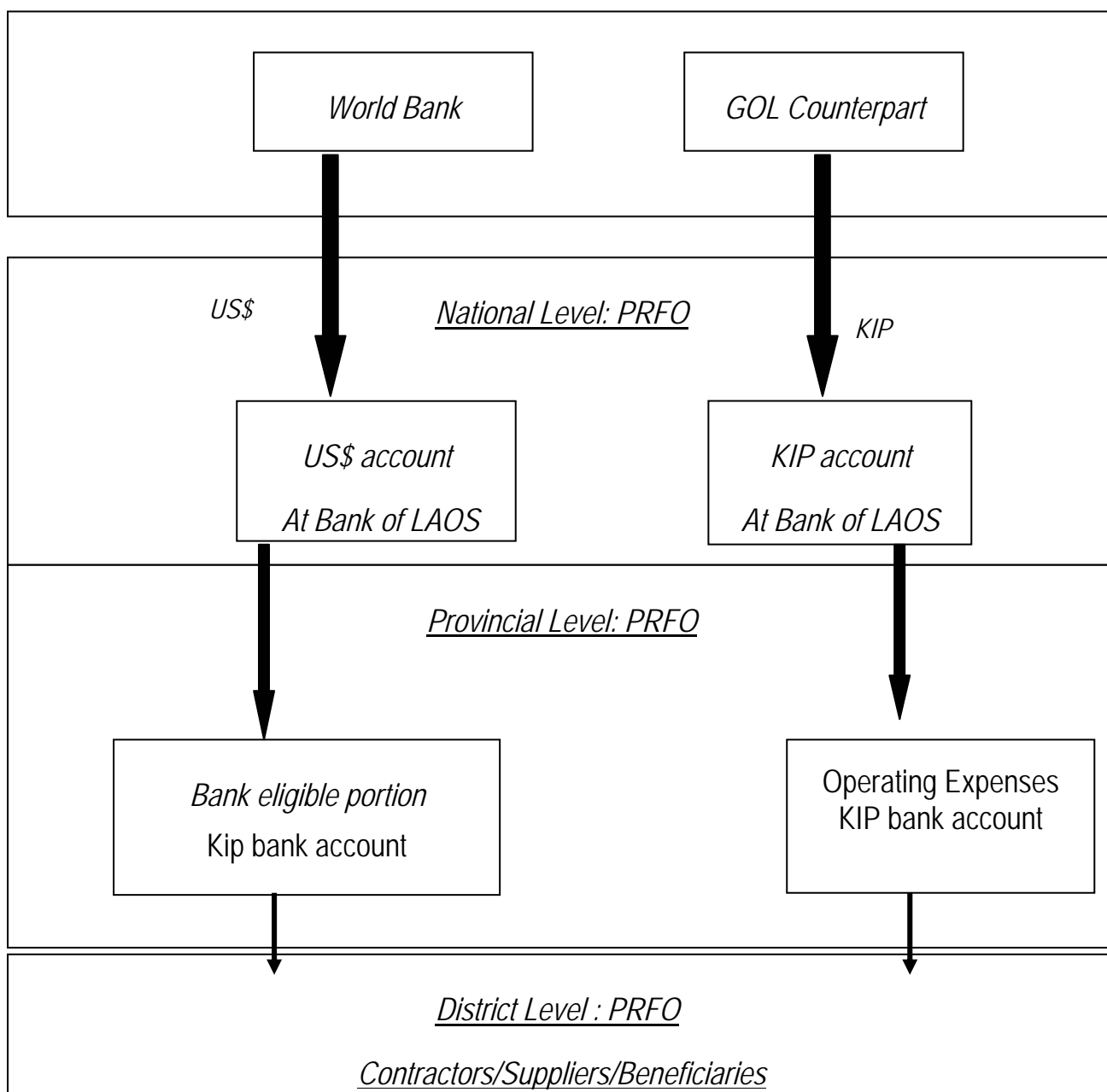
Government Contribution

The government will contribute to the fund in certain percentage as agreed in Credit Agreement and that shall be included in the government annual budget. To receive the contribution in cash, The PRF shall file a request to the CPC and CPC will forward the application to the MOF. The Budget Department of MOF will then issue an Approval of budget expenditure and a payment order and send to Treasury Department for transfer of money into PRF account in Kip at BoL.

The flow of funds from central to local levels and the documentation is described in Chapter 7 of the Operation Manual.

Flow of Funds from the World Bank and government Counterpart Contribution

The flow of funds from the Bank, Government, and other financiers is depicted below.



(Refer to the Operation Manual for more details about the disbursement cycle of sub-projects)

5.2 Bank Accounts

The financial and administration unit shall be responsible for keeping resources in each individual bank account, to facilitate transparent management, timely replenishment and the disbursement of funds. All accounts are expected to be used appropriately.

The accountant is responsible for the cash at banks, and will record and keep track of movements in each account regularly for periodic reconciliation against the balance report (sub-book) of the bank (at least once a month).

If there is discrepancy noted in performing reconciliation, this will be brought to the attention of the FA Section head for timely correction. If significant, the discrepancy must be reported to the Executive Director by the Section head at national PRF, in a timely manner.

Special Account: Utilization of this account shall comply with withdrawing regulations requested by WB. The Special Account which would cover the IDA share of eligible expenditures in all disbursement categories, would have an authorized allocation of US\$1.8 million with an initial withdrawal of US\$ 0.9 million equivalent to be withdrawn from the Credit Account and deposited in the SA. When the amounts withdrawn from the Credit totals US\$ 3.0 million, the initial withdrawal will be increased to the authorized allocation.

Government Counterpart account: Purchases made and paid by the Government counterpart funds, invoices from suppliers/contractors/consultants will be matched by the project accounting staff to the contract requirements. The invoice together with the appropriate payment request will be then approved by the project coordinator and payment intact to the supplier.

Provincial Bank accounts: Purchases made and paid from provincial accounts, invoices from suppliers/contractors/consultants will be matched by the project accounting staff to the contract requirements. The invoice together with the appropriate payment request will be then approved by the project coordinator and payment intact to the supplier.

5.3 Disbursement and Payment Procedures

Payments of Funds

PRF will initiate payment based on payment approval procedures established for the project (See table of financial authorities in Chapter 2 and relevant operating guidelines). The PRF will in addition process payments for centrally managed procurements and other project expenditures initiated by the PRF. Expenditure for payments from counterpart funds will be authorized in a similar manner. The accounting staff assigned for the project within the PRF will be responsible for ensuring that the necessary approvals are obtained prior to processing payment. Payments from the Special Account will only be in respect of expenditures actually incurred and must be supported by approved vouchers for payment.

Payment of Subprojects:

Subproject payment procedure is described in Chapter 7 of the Operation Manual.

Sub project Allocation

Each district will receive an unspecified allocation-ceiling grant per cycle or year. Commitments will be made based on the results of the inter-khet meetings. Technical information and information on feasibility will be provided to villagers by consultants hired by the project. The amount of district's allocation grant will be determined and announced at the beginning of each year. District allocations are made based on the number of population and poverty level assessments of each district (Refer to the Operation Manual). Other variables can be considered if appropriate. The method by which grant allocations are determined and the amount of the grant allocations will be revisited each year and determined by the Board, based on recommendations from the Executive Director and submitted for prior approval to IDA.

Provincial Account for Operational Costs and development activities

Sub-project Payment shall be made from -Provincial account for operational costs and development activities. In every province that PRF will operate, provincial coordinators will open project accounts in Kip local currency at local commercial banks (initially accounts will be opened in three provinces – Champassak, Houaphanh and Savannakhet).

Disbursements from provincial level will be made based on payment schedules outlined in sub-project contracts with adequate supporting evidences of work progress. The evidences for payments shall be recorded and retained at the provinces while the reports summarizing total payments during the month shall be prepared and sent for replenishments from the special account.

Operating expenses payments for of PRF at the provincial level will be disbursed from the same Kip local currency Provincial Account for Operational Costs and development activities maintained at provincial level. Replenishment shall be made monthly based on actual payments made for operating expenses of PRF on revolving basis.

Payment of Salary

PRF employees will receive remuneration in the form of a monthly salary to be paid on the 30th of each month.

- Each employee has to have an employment contract.
- Payment of salary will be transferred to the bank savings account of the employee.
- The personnel officer will maintain detailed accounting of salary records including salary reports as follows:
 - Income and various deductions such as taxes and net income.
 - Report summarizing total net income and the savings account number to forward to the bank.
 - Reconciliation of monthly salary totals which states any changes such as new employment and resignations.
 - Reports separating expenses according to Units that incurred the expenses so that the Financial and Accounting Unit can designate the expenses.
 - The Head of the Finance and Administration Unit will verify the reports above and will endorse the reports before presenting them to the Executive Director for approval.
 - The Personnel and Office Administration unit will produce monthly salary reports with the expenses distributed according to unit for the Accounting Unit to issue payment vouchers to be approved by the Executive Director prior to processing.

Travel Reimbursement

- The employee has to formally request approval for travelling. According to PRF regulations, the Head of the employee's unit has to authorize the request and submit it to the Executive Director for approval.
- If it is necessary to request an advance, the employee will have to request the amount to be advanced. The Head that authorized the travel has the authority to approve the request for the advance after which the Finance and Administration Unit will process the request.

- The employee has to submit the Statement of Expenditures (SOE) of the advance with actual expenses within seven days from the end of the trip. Any remaining funds have to be returned to the Finance and Accounting Unit by the person authorizing the travel. If additional expenses have to be reimbursed, the person authorizing the trip has to authorize the request for reimbursement submitted to the Finance and Accounting Unit.

Chapter 6: AUDITING

6.1 Annual Independent Financial Audit

The Credit Agreement requires the project to have an annual audit of the PRFP by an independent audit firm with TORs acceptable to the Bank.

Selection of Auditor

The selection of the auditor shall be conducted in the same way as it is done for the recruitment of consultants. The process of recruitment shall be based on the World Bank guidelines.

Arrangement for Auditing

The Financial and Administration shall prepare the financial statements, the Special Account and the statement of disbursement under SOE and all relevant accompanying notes and details to facilitate the audit.

The cost of audit will be financed from the proceeds of the IDA Credit as a consulting service at the financing percentage applicable to consulting service. (in this case, the bank will finance only 88%)

Audit reports

The auditor will also be required to express opinions on: (i) the financial statements; (ii) whether the Special Account funds have been correctly accounted for and used in accordance with the Credit agreement; (iii) The adequacy of documents and controls surrounding the use of Statements of Expenditures as a basis for disbursements. The audited financial statements will be submitted to IDA within six months of the year-end.

- I. The first set of issues for the financial audit is related to standard auditing concerns, primarily accounting for funds used at the national level and transferred through to the province. These will result in a standard audit report to the Board.
- II. The second set of issues relates to the accounting and bookkeeping practices at the levels below the province. Here the auditors will follow a random sample of cases from the province and see how funds have been used and recorded at the village or group level. Any weaknesses of the project systems will be reported, and suggestions for specific improvements will be given to the Board and national level team. The auditors will examine not only the accounting system and books but also the level of transparency and accountability at the village level, particularly for villages with high rates of illiteracy and low numeric skills.

6.2 Annual Independent Technical Audit

Annual technical audits will be carried out to determine the (mainly engineering) quality of the village investments. These audits, undertaken by consultants, will provide information in absolute terms as well as information relative to other comparative delivery systems. They

will assess if unit costs are reasonable and being adhered to, and also identify issues related to procurement and contracting issues. The technical audits will also try to establish if operations and maintenance plans are adequate. The reports from these audits will include specific recommendations regarding how the project might better achieve its stated objectives, for this reason it will be necessary for auditors to be briefed fully in the unique principles and methodologies of this project prior to carrying out field visits.

Chapter 7: REPORTING

The Finance and Administrative Unit will produce Financial Reports on a monthly basis. This includes progress report on the project implementation and the use of funds as compared to the determined budget. This report will be presented to the Executive Director, the Administrative Board and concerned parties to be used as decision-making data.

Project financial statements present general and overall financial position of assets, which are management and used in the project; resources for project implementation (IDA credit and counterpart funding)

7.1 Reports and schedule of reporting

Monthly provincial reports will have a local focus with a summary of physical progress comparing with monitoring indicators, sources and uses of fund by categories and main characteristics in each cluster, and cash and bank balance and a set of reports that will be used as a basis for monthly replenishment. (See Section 3.3 page 14)

The report at national level will be prepared quarterly. This will bring together the salient information from each of the provinces as well as remarks and field observations from the national level team, relevant information from external sources and financial monitoring reports (FMRs).

Government Required Reports and schedule of reporting

No	REPORTS	CODE	TIME BASIS
1	Disbursement reports		Quarterly, annually
2	Expenditures grouped by budgetary line items.		Quarterly, annually
3	Statement of reconciliation with bank, investment-funded authorities		Quarterly, annually

7.2 Financial Monitoring Reports (FMR)

The project is requested to regularly submit the quarterly Financial Monitoring Reports and the annual financial statements to the Association.

Financial Monitoring Reports (FMRs) shall provide sufficient information for project monitoring on the use of funds, project implementation is on track, and budgeted costs will not be exceeded.

Quarterly, PRF will produce FMR with the following contents: 1) Discussion of Project Progress 2) Sources and Uses of Funds Statement 3) Uses of Funds by Expenditure Type 4) Balance Sheet 5) Output Monitoring Report and 6) Procurement Report.

Procurement Reports

The main purpose of procurement reports is to facilitate project monitoring, including ex-post reviews of procurement and enables project implementation staff to improve the quality and reliability of procurement administration, taking into account the particular circumstances of each project and loan type. As PRFP is community-driven development projects, procurement reports will be less detailed and limited to a minimum threshold for reporting.

The Financial Monitoring Reports should be prepared quarterly and submitted to the Association not later than 45 days after the end of each quarter. They consist of:

No	REPORTS	TIME BASIS
I	<u>DISCUSSION OF PROJECT PROGRESS AND OF FINANCIAL STATUS.</u>	
II	<u>FINANCIAL REPORTS:</u>	
2.1	Project Sources and Uses of Fund	Quarterly
2.2	Uses of Funds by Project Activity	Quarterly
2.3	Project balance sheet	Quarterly
2.4	Special Account Statement	Quarterly
III	<u>PROGRESS REPORTS</u>	
3.1	Output Monitoring Report (Unit of Output by Project Activity)	Quarterly
IV	<u>PROCUREMENT MANAGEMENT REPORTS:</u>	
4.1	Procurement Process Monitoring (Goods and Works)	Quarterly
4.2	Procurement Process Monitoring (Consultant's Services)	Quarterly

7.3 Annual Financial Statements

At the end of each fiscal year, the PRF shall prepare the financial statements, the Special Account and the SOE statement including relevant accompanying notes in a format acceptable to the Bank readily for audit by external auditor.

- 1. Project Financial Statements:** The project financial statement consist of (1) A summary of Sources and Uses of Funds showing separately funds received from the Bank and the government as counterpart fund (2) 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 (3) a Balance Sheet showing Accumulated Funds of the Project, bank balances and other assets and liabilities of the project (4) Notes to the project statements which should include a reconciliation between amounts shown in the project records as received from the Bank “and that shown as having being disbursed by the World Bank. The mechanism of disbursement (Special Account, reimbursement or direct payment) by reference to

individual Withdrawal Application numbers and amounts should be shown as part of the reconciliation.

2. **Special Account Statement:** The Special Accounts usually comprise of (1) Deposits and replenishments received from these Bank (2) Payments substantiated by transactions included in Withdrawal Applications (3) Interest that may be earned from the balances and which belong the Borrower; and (4) The remaining balances at the end of each fiscal year.
3. **SOE Statement:** The SOE statement usually is a listing of 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 during such period.

Chapter 8: Procurement Guideline and Relevant Threshold

8.1 PROCUREMENT OF CONSULTANT SERVICES

8.1.1 SERVICES OF INDIVIDUAL CONSULTANT

Individual consultants may be employed for assignments that do not require teams of personnel or external professional support. The most important requirement for the employment of an individual consultant is the experience and qualifications of the consultant.

Individual consultants are selected on the basis of their qualifications for the assignment. This selection may be achieved on the basis of references or through a comparison of qualifications among those expressing interest in the assignment or through a comparison of qualifications of consultants approached directly by the PRFO of Executive Director. Individual consultants have to meet all relevant qualifications and be able to carry out the assignment. Capability is based on academic background, experience and knowledge of the local conditions. The selection procedure is outlined as followed:

- Preparation of Term of Reference (TOR) by the PRFO and submission to the Bank*
- Receipt of the Bank's 'No Objection Letter' (NOL)*
- Seeking expression of interest preferably through advertisement
- Evaluate the expression of interest and preparation of shortlist of a minimum of three consultants based on their qualification and experience
- Sending TOR to short listed candidates, along with the request for CVs
- Establish a small evaluation committee (comprising two or three members)
- Receipt of CVs, evaluation and preparation of evaluation report
- Submission of the evaluation report to the Bank**
- Receipt of the Bank's 'No Objection Letter' (NOL)**
- Contract Signing
- Keep the process confidential until contract signature.
- Keep all documents on file
- Services begin

* Terms of reference for the positions of Senior Advisor, Senior Technical Advisor, Head of Monitoring & Evaluation Section, Head of Planning & Training Section, Head of Finance & Administration Section, Accountant, Procurement staff and Province Coordinator shall be submitted to the Bank for no objection letter.

** Procedures to be followed if the contract is subject to the Bank's 'Prior Review' (value of \$ 50,000 or more) and contracts for key staff as above (*).

8.1.2 SERVICES OF CONSULTING FIRM

Selecting a Consulting Firm is somewhat similar to selecting an individual consultant. The firm will be selected on the basis of their qualifications and references. The selection procedure is outlined as followed:

- Preparation of Term of Reference (TOR) by the National Office and submission to the Bank*
- Receipt of the Bank's 'No Objection Letter' (NOL)*
- Requesting expression of interest and qualification information relevant to the assignment through advertisement
- Establishment of a shortlist
- Selection of the firm with the most appropriate qualifications and references
- Preparation of Request for Proposal (RFP) and sending the document to the selected firm to submit technical and financial proposals for the assignment, in accordance with the TOR
- Establish an evaluation committee (comprising three to five members)
- Review the proposals and submission of evaluation report to the Bank**
- Receipt of the Bank's 'No Objection Letter' (NOL)**
- Contract Signing
- Keep the process confidential until contract signature
- Keep all documents on file
- Services begin

*All terms of reference for key assignments shall be submitted to the Bank for no objection letter

**Procedures to be followed if the contract is subject to the Bank's 'Prior Review' (value of \$ 100,000 or more) and the first three contracts of less than \$ 100,000.

8.2 PROCUREMENT OF GOODS

8.2.1 NATIONAL COMPETITIVE BIDDING (NCB)

This method of procurement will be used when the contract value is greater than or equal to the amount of \$50,000.

The National Office will prepare the bidding documents (refer to procurement guide) and submit to the Bank for review and comments. The comments will be incorporated into the documents. On receipt of 'No Objection' from the Bank, the office will process to bid adhering to the following procedure:

- The bidding will be announced in a newspaper with national circulation, when the bid documents are ready and available
- **At least 30 days** for bid preparation will be allowed before bid closes
- All bids shall be submitted in sealed envelopes and they shall be opened in public, immediately after the scheduled closing time for the bid. A record of all those present at that time will be made.
- The bid evaluation committee (comprising at least three) will be established and reviewed all bids.

- Bid evaluation report and the award recommendation must be prepared and submitted to the Bank for review and comments
- The Bank will convey its 'No Objection' for the award of the contract
- On the receipt of the NOL from the Bank, the contract can be awarded/ signed
- Keep the process confidential until the contract has been awarded
- Keep all documents on file.

With regard to the issue of Prior/Post Review, given the nature and type of this project, all NCB contracts are subject to the Bank's Prior Review.

The necessary documentation to be available for Bank's review is:

- Bank's prior approval in the form of 'No Objection' to proceed with bidding and the cleared bidding documents
- Copy of the advertisement as it appeared in the newspaper with English translation
- Report on Bid opening with attendant sheet
- Copies of communication with any of the bidders
- Evaluation report containing: -
 - Description of the goods
 - Official cost estimate
 - Date of advertising
 - Number of bid documents sold
 - Bid closing/bid opening date
 - Name and address of all the bidders who submitted bids
 - Bid prices
 - Responsiveness (yes or no) with remarks
 - Post-qualified bidders
 - A statement that there are no complaints, or if there is any, a copy of the complaint and a statement how it was resolved
 - Any other relevant information

8.2.2 NATIONAL SHOPPING (NS)

This method is used for off-the-shelf items of goods or standard specification commodities available from several sources of supply within the country with the contract value of less than \$50,000.

The National Office will prepare a letter of invitation for price quotation with the quantity and description of goods as well as desired delivery time and place. The office should obtain price quotations from **minimum of three qualified suppliers but preferably five or six.**

Then, the evaluation report of quotations from suppliers will be prepared by the office and submitted to the Bank for approval (if subjected to Prior Review) before the contract is awarded to the supplier with the lowest quoted price. Steps to be followed are outlined below:

- Preparation of Technical Specification and Invitation for quotations documents (and submission to the Bank*)
- Receipt of the Bank's NOL*
- Sending Invitation for quotations to suppliers
- Receive quotations by a deadline, open and evaluate them
- Preparation of evaluation report (and submission to the Bank*)

- Receipt of the Bank's NOL*
- Awarding of Contract or Purchase Order
- Keep the process confidential until the contract has been awarded or purchase order has been placed.
- Keep all document on file
- Delivery

*Procedures to be followed if the contract is subject to Bank's 'Prior Review'. Given the nature and the type of this project, only the first National Shopping contract of each year is subject to the Bank's Prior Review.

Please note that, regardless of whether the contract is Prior or Post Review, the necessary documentation to be available for the Bank's inspection is:

- The invitation letter with description of the goods/ equipment sent to potential suppliers requesting them to quote the price
- List of names and addresses of the firms to whom the invitations for quotation were sent
- The quotations submitted by the firms
- Evaluation report
- Award recommendation
- Signed contract or purchase order

8.3 PROCUREMENT OF SMALL WORKS

The contract will be awarded on the basis of quotations obtained from at least three reputable domestic contractors in response to a written invitation by the National Office. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. Procedures to be followed include:

- Preparation of Technical Specification and Invitation for quotations Documents (and submission to the Bank*)
- Receipt of the Bank's NOL*
- Submission of proposals from contractors
- Preparation of evaluation report (and submission to the Bank*)
- Receipt of the Bank's NOL*
- Awarding of Contract
- Keep the process confidential until contract has been awarded or order has been placed
- Keep all documents on file
- Works begin

* Procedure to be carried out if the contract is subject to the Bank's 'Prior Review'. In this case, the first three of Procurement of Small Works contracts are subject to the Bank's Prior Review.

Similar to NS procurement method, there are necessary documents to be available for the Bank's inspection including:

- The invitation letter with basic design sent to potential qualified contractors requesting them to quote the price
- List of names and addresses of the firms to whom the invitations for quotation were sent
- The quotations submitted by the firms

- Official estimated price
- Evaluation report
- Award recommendation
- Signed contract or Order

Chapter 9: Administration

OVERVIEW

The Administration Unit, working under the guidance and leadership of the Executive Director, is responsible for providing support services to the PRF for its efficient and effective operations. The Admin Officer will lead this unit and ensure: (a) the acquisition, maintenance, and control over the utilization of the PRF assets and other supplies; (b) acquire and provide services for efficient functioning and safety of the PRF; and (c) management of all matters related to personnel.

9.1 Fixed Asset Acquisition, Utilization and Maintenance

ACQUISITION RULE

The PRF acquisition of services and goods shall be based on the World Bank procurement procedures, regardless of their source of funding.

Except otherwise agreed upon by the donor, the following two procurement procedures will be applied: (a) the National Shopping, and (b) the National Competitive Bidding.

Purchase Order

After obtaining the approval of the Head of FA and the Executive Director, the Admin Officer shall process the order by establishing the Purchase Order duly signed by the Head of FA or the Executive Director in accordance with his/her financial authority. The Purchase Order (See specimen form page 61) shall include the following information:

- i- Purchase Order Number
- ii- Date
- iii- Supplier's name and address
- iv- Quantity
- v- Description of items name and specification
- vi- Unit Price
- vii- Total Price
- viii- Other Charges
- ix- Delivery Date
- x- Delivery Place
- xi- Delivery Conditions
- xii- Means of Transportation
- xiii- Condition of Payment
- xiv- Terms of Payment
- xv- Quotation Reference

Invoice processing

The Admin Officer, in collaboration with respective Department that initiates the Purchase Requisition, shall ensure that the goods and services received are satisfactory as per specifications and in good condition.

The Admin Officer shall duly verify the invoice jointly with his/her Assistant before submitting to the Head of FA for payment approval. Thereafter, the complete set of acquisition shall be submitted to the Accounting Unit for processing the payment.

Contract

For goods procured under the National Competitive Bidding, with successful comment and no objection from the donor, the Executive Director and the Supplier shall conclude a contract (See specimen form page 61).

The invoice processing and the payment shall be conducted in the same manner as stated in National Shopping procedure above.

Note:

It is prohibited to breakdown the acquisition in favour of the national shopping. Mass acquisition shall be made to take advantages of discount on order. However, the gradual acquisition shall be based upon sound reasons arguments convincing the auditors, the MOF and donors.

Fixed Assets Register

Every unit of fixed assets must be assigned by the person using that unit. This will ensure the responsibility of proper usage and/or maintenance of the fixed asset and the liability, in case of damage to the latter. Fixed assets register (See also Accounting Procedures manual Appendix D) must contain the following information:

- Brief description, i.e., type of office equipment;
- Equipment model and serial number (if any);
- Location of equipment;
- Assigned person name;
- Asset number.

The Register must be updated to reflect any changes in the PRF's fixed assets, e.g. recent acquisitions, disposal etc. Physical count of fixed assets and comparing with accounting records must be performed once a year. Any discrepancies must be investigated and resolved.

Utilization

Fixed assets, which become unserviceable should be presented by the Executive Director to PRF's Board for disposal recommendations. Equipment, supplies and other property acquired within the scope of the Project are the property of the PRF.

9.2 Office Supplies

The Administration Unit shall ensure appropriate supply of quality office materials for the good function of the PRF. The Head of Finance and Administration should maintain a list of suppliers with their telephone number, contact address, and their products. He/she should have a good understanding of the market and the quality of service of each supplier in order to take advantage of good supply and cost saving.

Selection of supplier

One month prior to each semester, the Admin Officer shall issue a list of common use items for office supplies and send the letters to different suppliers and request for quotation for six-month supply.

On reception of quotations, the Admin Officer shall prepare a Comparison Table listing quotations. He should express his recommendation and submit the table to the Head of FA director for verification and comment, and then to the Executive Director for approval. In all cases, a minimum of three quotations is essential.

After the Executive Director's approval, the Officer will sign the contract with the selected supplier(s) to ensure the supply to PRF for six months.

The items that are not commonly in use and do not appear in the list of supply shall be acquired through National Shopping procedure.

The acquisition of commonly used office supplies

All units of the PRF at the beginning of each month, shall prepare a Purchase Requisition listing all regular supplies in a standard form designed by the Head of FA, showing the current stock existing in the unit and the new supplies requested for the month. The Purchase Requisition will have to be signed by the Unit Head and submitted to the Admin Officer for verification and adjustment. The Officer shall establish a Consolidated Purchase Requisition of the Monthly Office Supplies including the request from all units after his adjustment and submits to the Head of FA for approval.

After approval, the Officer shall prepare the Purchase Order for the Executive Director or the Head of FA in accordance to authorities specified.

The reception of the delivery and invoice as well as the process of payment shall be made in accordance to acquisitions of asset.

The acquisition of non-commonly used office supplies

The department heads may establish the Purchase Order to request some items they need for the PRF operation, that are not in the list of commonly used office supplies. The acquisition process shall be made in accordance to asset acquisition.

Responsibility of the users of the office supplies

The Unit Head (Executive Office, Provincial Office, Administration Unit itself or Finance Unit) shall assign a staff to prepare the request, verify the delivery of the supply from the Administration Unit, control the stock or redistribute the supply internally. Information on unsatisfactory supplies shall be communicated to the Administration Unit immediately in order to complain to the supplier for exchange or replace in time. A comprehensive list of all appliances and their locations must be established and the list updated to reflect any changes.

The Unit Head shall be responsible for the proper use of the PRF services in safe and economical manner. He/she shall supervise and control the usage of supplies. The decision to assign any office supply to anyone within the Unit is the sole discretion of the Unit Chief.

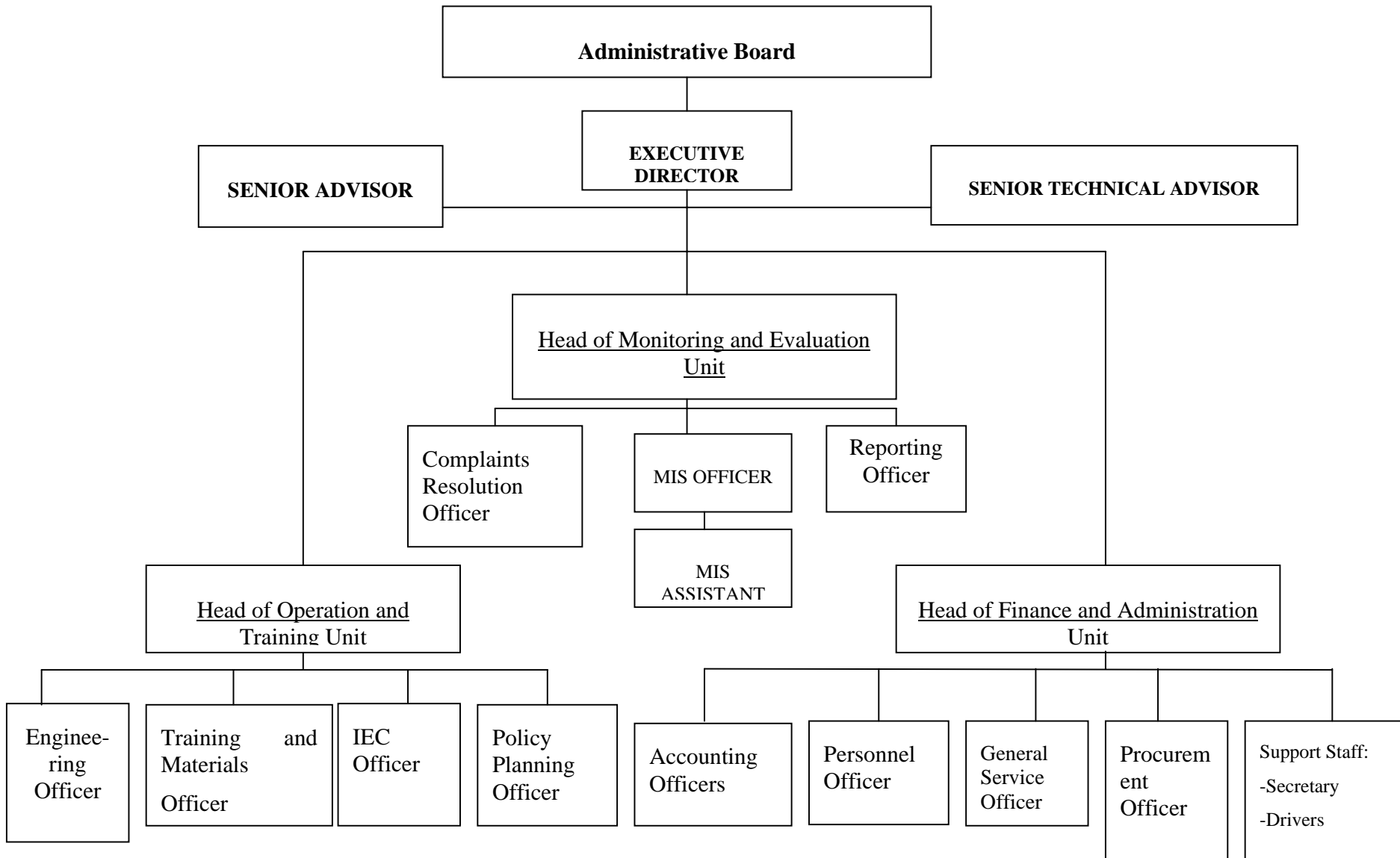
Any misconduct or use of the office supply for private interest, or any damage or losses of the office supply shall be immediately investigated. The offender shall be warned and obliged to compensate.

Supply of computer parts and accessories, printer and photocopier ink toner

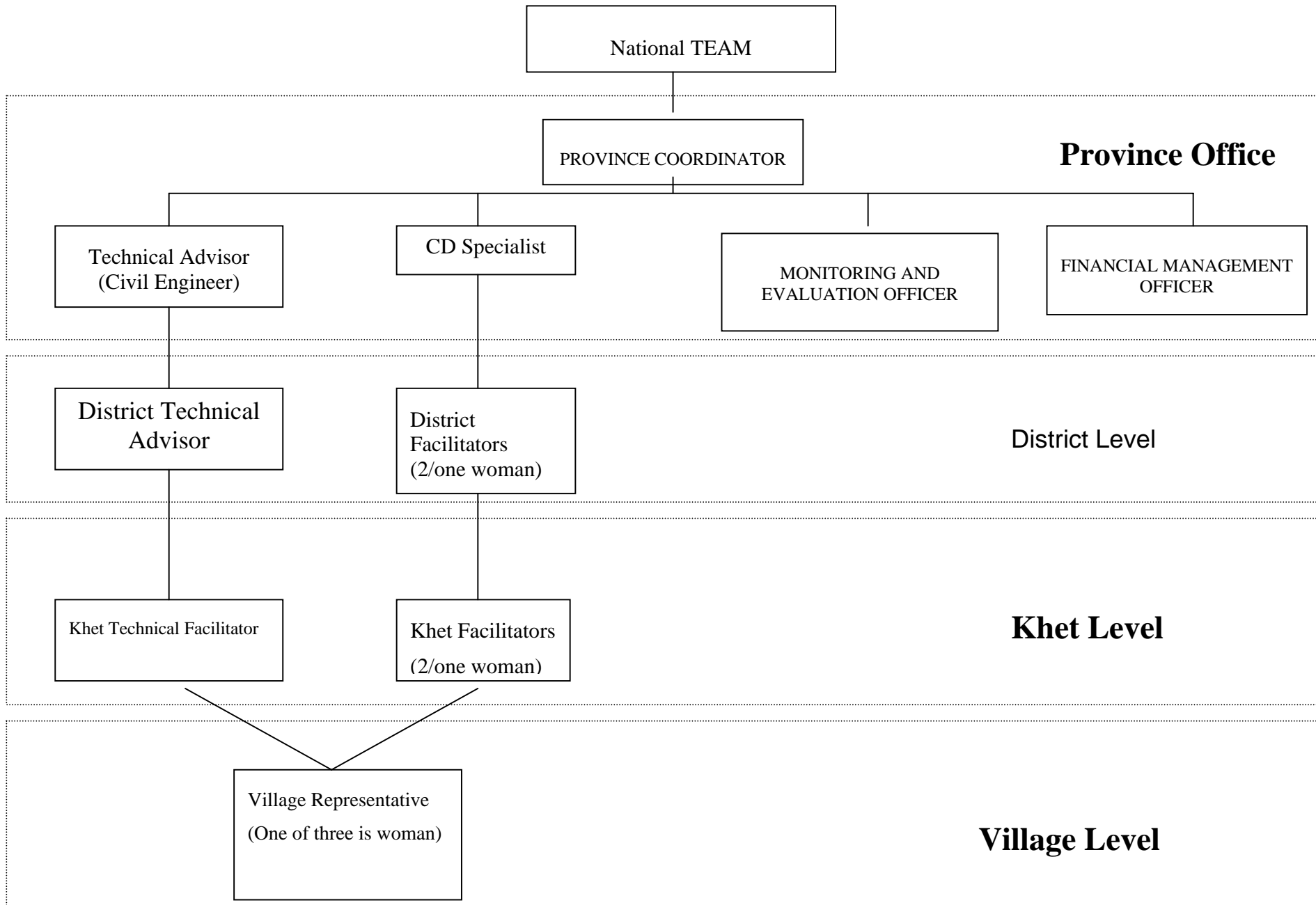
The Administration Unit shall closely liaise with the MIS Unit in conducting the supply of computer parts, accessories and related items. A reasonable stock of computer parts and

accessories (i.e. diskettes, cables), printers and photocopiers toner shall be maintained to assure continuous operation of the PRF.

Chapter 10: Annexes
10.1 Organizational Structure (National Level)



Organizational Structure (Province and District)



10.2 Job Descriptions for the Finance and Administration Unit (FAU)

I. Department Head of Finance and Administration Unit :

Name of Position: Chief of Finance and Administration

Station: PRFP head office in Vientiane and short trips to the selected target provinces to provide support and training to provincial and district offices.

Main Duties and Responsibilities:

- Oversee the establishment and proper maintenance of the finance and accounts in accordance with the financial rules and procedures of the MoF and the World Bank to ensure adequate and timely provision of administrative and financial information to the Executive Director and other unit directors that will allow them to make educated management decisions.
- Prepare, implement and review the funding of the budgeted and actual annual cash flows. Concurrent, set up and operationalise systems for the preparation of monthly account statements before forwarding the appropriate reports to the MoF and / or to the Bank, and ensure adequate follow up on any matters needing clarification.
- Develop personnel pay rolls and ensure its maintenance.
- Review the external audit reports of the PRF financial statements and implement, in consultation with the Executive Director, any corrective actions.
- Prepare annual PRF budget plans and submit to the Executive Director for approval and coordination.
- Contribute to the design and establishment and maintenance of those financial components of the Management Information System (MIS) that are set up.
- Directly supervise the work of the accounts Officer and Assistants working in FAU.
- Provide training and support to all staff working in the department on the procedure and components of MIS with regard to financial components.
- Provide on-the-job-training to counterparts on the preparation of financial plans. This will include capacity to draft budget and subsequent monitoring of budget for office and sub-project expenditures and the preparation of monthly budget and financial forecasts.
- Develop sustainable co-ordinate mechanism with MoF to ensure smooth financial operations and advise them on the IDA financial procedures.
- Establish and maintain close contact with the local bank on variety of accounting and financial matters.
- Draft all routine correspondence related to accounting and financial matters.
- Make a correspondence related to accounting and financial matters.
- Make a recommendation to the Executive Director on procurement of goods.
- Other reasonably related duties as may be assigned by the Executive Director.

Qualifications:

- A professional degree in finance and accounting.
- Relevant work experience in project implementation.
- Experience in training.
- Familiarity with government and foreigner aid project operations.
- A good understanding of project planning, project formulation and prioritization, and log –frame techniques and analysis.
- Should be able to show tolerance and patience while working under difficulty and demanding conditions.
- Showing team spirit and open to learn new techniques.
- A willingness to work in rural areas for shorter durations of the project to assist in training regional staff office duties and protocol.

II. Personnel Officer:

Name of Position: Personnel Officer

Station: PRFP head office in Vientiane with some short-term work required in the selected target provinces.

Main Duties and Responsibilities:

- Coordinate with the Head of Section and units within the PRFO in Vientiane and targeted provinces for the preparation of Terms of Reference (TOR) for all positions reflected in the Organizational Chart of the PRF.
- Responsible for advertisement/announcement of any required positions by the Poverty Reduction Fund,
- Call candidates and fix appointment for interview
- Responsible for scrutinizing and shortlist the candidates. Evaluate the expression of interest submitted by applicants submit it to the Head of Division concerned for interview, consideration and evaluation.
- Prepare documents for interview and meeting of the Selection and recruitment Panel.
- Prepare contract and Special Service Agreement (SSA) for any recruitment and draft all related forms like Personnel Action form, designation, change or revocation of beneficiary form, performance evaluation form, clearance form etc.
- Introduce new staff to different Unit and staff within the PRFO.
- Advise staff on any issues related to rules and regulations governed by the PRFO.
- Arrange for necessary document relating to any termination/separation of staff upon their completion of assignment with the PRFO,
- Keep all documents on file including staff file, roster of candidates file, confidential file and look after all other administrative documents in the safety manner.
- Perform other duties as may assigned by the Supervisor.

Qualifications:

- University degree in Administration with minimum 3 years of experiences in working with a State/International Organization.
- Familiar with Personnel Management and Administration, software including Microsoft word, excel and or access 2000.
- Fluent in communication in English and Lao.
- Women are encouraged to apply.

III. Accounting Officer:

Name of Position: Accounting Officer

Station: PRFP head office in Vientiane and short trips to the selected target provinces.

Main Duties and Responsibilities:

Accounting

- Responsible for the safe custody of petty cash and documents and inspection of daily petty cash disbursement documents.
- Determine accounting categories and accounting methodology.
- Inspect and evaluation accounting documents and records.
- Reconcile accounts and prepare financial details.
- Coordinate with various department/units of the PRF to prepare the periodic financial report at the standard format made by donor(s) and submits to the Executive Director, who will forward to the World Bank, MOF and counterpart institutions.
- Produce monthly, quarterly and annual financial reports.
- Ensure closure of accounts at the end of the month and prepare a reconciliation statement and submit that updated account to the management.
- Coordinate all financial and administrative audits.
- Responsible to verify the eligibility and accuracy of the all payments.

Finance.

- Produce and maintain a record of financial documents.
- Inspect and oversee that expenditures comply with the regulations and directives of the PRF.
- Inspect and oversee the record of checks.
- Withdraw funds form the Special Account.
- Produce Special Account flow of funds report.
- Inspect supporting documents used in request for fund replenishment from the World Bank (SOE).
- Inspect and oversee subproject disbursements.

- Produce various reports as assigned.
- To maintain and update stock list and fixed asset registration.

Other tasks that may be reasonably related to the above and assigned by the FAU Head or the Executive Director.

Qualifications:

- A professional degree in finance and accounting.
- Relevant work experience in project implementation.
- Familiarity with government and foreign aid project operations.
- Comprehensive computer skills in Excel and Accounting Software.
- Should be able to show tolerance and patience while working under difficulty and demanding conditions.
- Showing team spirit and open to learn new techniques.
- A willingness to work in rural areas for short duration of the project.

IV. Procurement Officer :

Name of Position: Procurement Officer

Station: PRFO head office in Vientiane with some short-term work required in the selection target provinces.

Main Duties and Responsibilities:

- Prepare technical specifications of all goods and equipment to be purchased under the Poverty Reduction Fund's budget to be submitted to the Chief of Finance and Administration for concurrence and to the Executive Director for approval.
- Prepare bidding documents, invitation letters with description of the goods/equipment to be sent to potential suppliers and requesting them to bid or quote the price.
- Seek expression of interest from individual consultants, consulting firms through advertisement.
- Maintain a list of the names and addresses of firms or suppliers with whom requests for bidding or quotation have been sent.
- Prepare documents for any Contract Committee's meeting including technical specifications, the submitted bids or quotations by bidders/suppliers, comparative sheet, and all other reference proved by bidders/suppliers.
- Prepare evaluation reports and ensure these are properly received and approved by the Chief of Finance and Administration and the Executive Director prior to any contact preparation or submission to the Bank for further review and advice.
- Award recommendations for the contracts or purchase orders, and have these properly signed by the Authorities concerned.
- Keep all processes and documents confidential until contracts or purchase orders are signed and keep all documents on file.

- Prepare procurement reports on a monthly or quarterly basis, as directed by the operation manual and/or by the Executive Director.
- Perform other duties as may assigned by the supervisors.

Qualifications:

- University degree in Business and Administration with minimum 3 years of experience in working with state/International organizations.
- Familiar with Procurement procedures basing on rules and regulations applied by the World Bank.
- Possess skills in typing in both Lao and English, using computer of different software including Microsoft Word, Excel and / or Access 2000.
- Fluent in communication in English and Lao.
- Women are encouraged to apply.

V. General Services Officer:

Name of Position: General Services Officer

Station: PRFP head office in Vientiane and the selected target provinces.

Main Duties and Responsibilities:

- Supervise and directs all activities related to the principal functions within the PRFO such as travel, logistic and transportation, protocol and customs, registry, premises and property. All duties are to be carried out with due diligence to maximum cost-effectiveness, efficiency and maintaining the integrity of the PRF.
- Oversees the management of the office premises.
- Responsible for the domestic and international travel arrangement including travel documents, local transportation to ensure highest level of service and cost effectiveness.
- Responsible for all protocol matters including visas, residence permit, freight forwarding, custom
- Prepare an inventory of all assets procured or financed on the Poverty Reduction Fund;
- Maintain the list of all registered equipment and properties and develop it into a database at the central, provincial, district and khet level under the project area;
- Make a proposed reparation plan for the office, vehicle, equipment provide under the PRF;
- Supervise cleaning, tidy and security of the Office premise;
- Supervise the reproduction, distribution or circulation of the Fund's documents within office, line ministries/agencies and through Post Office.
- Supervise the use and maintenance of vehicle, equipment and all properties of the Fund; report the immediate supervisor for any lost, misuse and abnormal condition of vehicle, equipment and propose a remedy solution for such an event;
- Perform other duties as may be required or assigned by the Head of unit.

Qualifications:

- Degree in Administration with familiarity of public management.
- Relevant work experience in general administration, travel arrangement.
- A good understanding of government and foreign aid project operation / management.
- Showing team spirit and open to learn.
- Having experience in international administration rules is an asset.

VI. Secretary:

Name of Position: Secretary

Station: PRFP head office in Vientiane and the selected target provinces.

Main Duties and Responsibilities:

Under the supervision of the Executive Director, the incumbent has duties to:

- Receive visitors, assist them with their queries, providing information as required or routing them to the appropriate person;
- Operate answering incoming calls and directing such calls to the appropriate staff; Assist PRF staff with making overseas and domestic long distance calls;
- Ensure that the reception and waiting areas are well-maintained and organized;
- Assist visiting missions in arranging appointments, hotel accommodations, confirming air tickets and other request tasks;
- Prepare, type, proofread, edit and format documents and routine correspondence in English, Lao and sometimes French for office staff and visiting missions;
- Assist in preparation and logistical planning for various events;
- In conjunction with and under guidance from staff in a specific discipline, provide general support on project related matters as requested, monitor specific activities;
- Carries out information searches and basic translation from Lao to English and English to Lao;
- Maintain an up- to date list of Emergency Contact List for staff and visitors;
- Handle mail-room and pouch services. Sort and distribute periodicals, newspapers, incoming mail, open mail and handle route to the appropriate person;
- Handle filing of incoming and outgoing correspondence;
- Serve as back-up to Program Assistant;
- Perform other tasks as required by the Executive Director and Head of Finance and Administration Unit.

Qualifications:

- Degree in Administration with familiarity of public management.
- Relevant work experience general administration and reception.
- Have good public relation.
- Showing team spirit and open to learn.
- Practical computer skill in software programmes commonly used of office purposes such as windows, MS word 6.0, Excel.

VII. Driver:

Name of Position: Driver

Station: Main driver for the above mentioned project.

Main Duties and Responsibilities:

- Operate the project vehicle for the support of the project activities in Vientiane and in the selected provinces.
- Ensure that the project vehicle is only used for project related activities according to the rules and regulations as laid down in project guidelines, or as provided by the national project director.
- Operate the project vehicle for the transport of authorised personnel, and delivery and collection of mail, documents and other project related items
- Meet project personnel where indicated and driving them to their indicated destination.
- Be responsible for day-to-day maintenance of the vehicle; checking oil, water, battery, brakes, tires, etc.
- Perform minor repairs and arranging for other repairs and regular maintenance
- Make sure that the vehicle is kept clean at all times.
- Keep logbooks on all usage, recording purpose of usage, daily mileage, gas consumption, oil changes, greasing, and so forth. As well as ensuring and that only authorised project personnel use the vehicle.
- Submit monthly summary reports on the usage of the vehicle
- Make sure that the vehicle is always properly insured, that other necessary documents are in order and ensuring that the steps required by rules and regulations are taken in case of involvement in an accident.
- Adhere strictly to not consuming any alcoholic drinks at least 5 hours previous to driving vehicle, and not to smoke in the car.
- Be responsive to reasonable to the requests from passengers.

When necessary, the candidate will also comply with others tasks as defined either by the National Director of the PRFP of the Executive Board.

The successful candidate will be required to fulfill the following qualifications:

- Have a valid drivers license.
- Have previous experience as a project driver and be able to provide written recommendations of his work record.
- Have a sound understanding of auto-mechanics and the ability to make minor repairs.
- An ability to understand basic English will be an asset for the successful candidate.

10.3 Operational Procedures

I. Cash and Bank:

Petty Cash

A petty cash float should be maintained for minor expenses, for example city transport and stationary items, and for emergency payments.

Custody

- The petty cash should be kept in a secure box, locked, in the custody of the Accountant at Project Implementation Unit and at District.
- The box should be placed in the safe every evening.

Payments

- On production of a valid and original receipt or invoice, a Petty Cash Voucher (See Annex Page 57) should be completed by the Accountant.
- All Petty Cash Vouchers should be sequentially pre-numbered.
- Ceiling of Petty Cash fund will be US 2,000.
- At national level, any single petty cash payment over US\$ 200 is subject to Executive Director's approval. For any single petty cash payment below US\$ 200, the Head of Finance and Administration may be authorized to approve.
- At provincial level, any single petty cash payment below US\$ 100 is required approval by Provincial coordinator and accountant. Any single petty cash payment over US\$ 100, is subject to Executive Director's approval.
- The voucher should be signed by the Cashier and passed to the Project Accountant for checking to the attached supporting documents, and then it should be submitted to the designed approving officer, depending on the amount of each payment, who will sign as evidence of approval for payment..

- The cash will be released and the recipient should sign the voucher as confirmation of the cash received.
- The Petty Cash Voucher should be passed to Accountant to check that all details are correctly completed for entry in the accounting records, including the account code.
- The Cashier will then enter the details into the manual Petty Cash Book.
- The Petty Cash Book will show the transaction date and a brief description of the transaction, the Voucher reference number, the amount withdrawn or deposited and the balance.
- The Accounting Assistant will then input the Petty Cash Vouchers into the accounting records, following the posting procedures.
- The Petty Cash Vouchers, together with the supporting documentation, should be filed in the Petty Cash Payments file in number order.

Receipts

- If cash is received, for example where cash is reimbursed on clearance of an advance, a Cash Receipt Voucher (See also annexes Page 62) should be prepared and signed by the cashier.
- The Voucher shall be passed, with supporting documents attached, to the Project Accountant for approval for entry in the Petty Cash Book, including verification of the account code.
- All Cash Receipts Voucher should be sequentially pre-numbered.
- The Cashier will enter the Cash Receipts Vouchers in the manual Petty Cash Book. Accounting Assistant will post vouchers to Accounting Records.
- The Cash Receipts Vouchers, together with the supporting documentation, should be filed in the Cash Receipts file in number order.

Float requests

- When funds are depleted, a Petty Cash Float Request should be prepared by the cashier and submitted with a copy of the petty cash book to the Project Accountant for signature as evidence of approval.
- All petty cash float requests should be sequentially pre-numbered.
- A check should be issued for the required amount; the check number should be entered on the float request and the procedures for check payment (set out below) should be followed.

- On receipt of the cash from the bank, the cash should be put immediately in the petty cash box and the float request signed by the person receiving the cash.
- The Project Accountant will check that the details, including the account code, are duly completed and will pass it to the Cashier for entry in the manual Petty Cash Book.
- The Accounting Assistant will input the Cash Receipts Vouchers into the accounting records, following the posting procedures.
- The Petty Cash Float Requests should be filed in the Float Requests file in number order.

Reconciliation

- The balance per the Petty Cash Book should be reconciled on a monthly basis to the Cash Count Sheet (see page 65).
- The Cash Count Sheet is signed by the Accounting Assistant who counts the cash and by the project Accountant.
- The Project director / provincial coordinator should approve the month-end cash count.
- The Cash Reconciliation sheet should be completed for the month-end Cash Count by the Accounting Assistant, reviewed by the Accountant and approved by the Project Director. Any difference between the cash balance counted and the balance per Petty Cash Book must be investigated immediately and reported to the Project Manager on the form where indicated.
- Cash reconciliation are to be filed with the Cash Count Sheet and manual Petty Cash Book for that month in the file of month-end reports outlined below.

Bank

Custody

- Checking accounts should be maintained for each funder and should be independently controlled by the Poverty Reduction Fund Office.
- With the written agreement of the funders, a savings account could be opened and interest earned used for the Project, providing that it is accounted for as a separate fund.
- Bank statements will be addressed to the Poverty Reduction Fund Finance and Administration Office that will be responsible for ensuring that monthly statements are promptly received.

Receipts

- When cash is sent to the bank from the funder, a notification/deposit slip should be received.
- A Bank Receipt Voucher (See page 63) should be completed and signed by the Accounting Assistant. It should then be passed, with the notification attached, to the Accountant for approval for entry in the Cash Book Journal, including verification of the account code.
- All Bank Receipts Vouchers should be sequentially pre-numbered.
- The Accounting Assistant will then input the Bank Receipts Vouchers into the accounting records, following the posting procedures.
- The Bank Receipts Vouchers, together with the supporting documentation, should be filed in the **Bank Receipts** file in number order.

Payments

- All payments should be made by check unless there is proper justification for payment in cash. Suppliers and subcontractors should be strongly encouraged to accept checks.
- Once valid and original invoices, requests for funds or salary payments have been properly approved for payment, a Check Payment Voucher (See Payment Voucher page 59) should be prepared by the cashier.
- All Check Payment Vouchers should be sequentially pre-numbered.
- The Check Payment Voucher, with all supporting documentation attached, should be forwarded to the Accountant to be reviewed and then signed by the Executive Director or Provincial Coordinator as evidence of approval.
- The above documents will then be returned to the Accountant for check signature and supporting documents should be stamped "PAID" immediately after approval to ensure there is no duplication of payment.
- The Accountant will sign the Check Payment Voucher as approval for entry in the Cash Book Journal including verification of the account code.
- The Cashier will enter the Check Payment Voucher in the manual Cash Book Journal, and the Accounting Assistant will input the Check Payment Voucher into the accounting records.
- The Check Payment Vouchers, together with the supporting documentation, should be filed in the **Bank Payments** file in number order.

Reconciliation

- The Accounting Assistant should prepare the Bank Reconciliation (See Accountant Procedures Manual Appendix O) at the end of each month. The purpose of this control is to compare the closing bank balance per the Cash Book Journal or general ledger in the accounting system with closing balance per the bank statement. Any reconciling item should be properly identified, explained and approved.
- The Head of Finance and administration Office will review the Bank Reconciliation and will pass to the Executive Director, together with a copy of the Cash Book Journal for the period, for his signature as approval.
- Bank Reconciliation is to be filed with the bank statement and the manual Bank Cash Book Journal for the month in the file of month-end reports outlined below.

II. Cash Advance

Cash advances will only be given for the purposes of travel to the district, provinces or overseas or for meetings, workshops or conferences.

Requests

- Request for Funds (See Request for Petty Cash Page 54 and Request for Advance page 60 and Travel authorization/Budget page 56) should be prepared by the person requesting the cash advance.
- Once agreed by the Executive Director the request should be submitted to the Accountant, who will sign as evidence of initial approval and forward to the Executive Director together with a duly completed Petty Cash Voucher (see above), for payment authorization.
- The Petty Cash Voucher must clearly indicate the transaction as an advance and be coded as such for input into the accounting records.
- The requester upon receipt of the money should sign the Petty Cash Voucher (see page 57)
- The advance must then be entered in the Outstanding Advance Book (See Accounting Procedures Manual Appendix G)
- The Advance request should be filed with Petty Cash Voucher.

Clearance

- As stated on the Request for Funds signed by the requester, the advance must be cleared within ten days of the completion of the trip.
- The recipient of the advance must provide an Expenditure report (See also page 58) detailing all payments made, supported by original invoices or expenses receipts. The Accountant will be responsible for ensuring that this is done.

- The Accountant will confirm that all payments are supported by original invoices or expenses receipts. The Accountant will be responsible for ensuring that this is done.
- The Accountant will confirm that all payments are supported by valid and original documentation, will approve the Expenditure Report and will clear the advance as follows:
- A credit entry must be made in the Advance Control Book and the individual advance card for the relevant Department.
- If the total expenses are greater than the advance, an additional petty cash voucher should be prepared for the surplus and the receipt should sign as confirmation that the cash was received.
- If the total expenses are less than the advance, a receipts voucher should be completed for the cash reimbursement.
- A Journal Voucher (See Accounting Procedures Manual Appendix K) will then be prepared from the detail on the expense report and passed to the Accountant for Approval and posting. All Journal Vouchers should be sequentially pre-numbered. The Journal Voucher should be filed in the Journal Voucher file.

Reconciliation

- At the end of each month, an Outstanding Advance Summary (See Accounting Procedures Manual Appendix G) should be performed by the Accounting Assistant, agreeing to total of the outstanding advances on the individual advance cards to the total per the Advance Control Book and to the general ledger account on the computerized accounting system. Any difference must be immediately investigated.
- The reconciliation should be reviewed by the Accountant and forwarded to the Head of Finance and Administration department for approval, together with the Advance Control Book and the personal advance cards.
- Advance reconciliation is to be filled with the manual Advance Control Book for the month in the file of month-end reports outlined below.
- Personal advance cards should be ongoing over the financial year and should be signed at the end of each month by the individual to confirm outstanding balances.

III. PURCHASING

- All purchase requests, orders, quotations, invoices and expense receipts are to be denominated in Kip
- Where the nature of the expense is shown on the invoice in Lao, a brief description in English should be added.

- A Purchase Request (See Page 55) needs to be prepared for any purchase. This should be submitted to the person authorized to approve the requests within that range of values, See Authorization limit for operating Cash and Bank balances page 12):
- If the value of the purchase is expected to be more than US\$100, three quotations are to be obtained and a Quotation Summary Report must be prepared to ensure cost and quality control (See page 61).
- The Schedule with the quotations attached is to be reviewed by the Project Accountant and then submitted to the Project Director for approval.
- For purchases of more than \$1,000, a Purchase Order (See Accounting Procedures Manual Appendix H) must be prepared.
- The Purchase Order should be noted on the Purchase Order log and the Accountant will be responsible for ensuring that all goods are received following issue of a Purchase Order and that the purchase invoice is received from the supplier.
- The purchase Order log should be reviewed by the Executive Director at the end of each month.
- When receiving goods or services purchased or rendered, a Receiving Report (See Page 64) is to be prepared by the receiver of the goods.
- He/she must sign to confirm that the quantity and condition of the goods or the performance of the services is as stated on the purchase request documentation.
- The Receiving Report will then be passed to the Account for certification and entry into the Purchase Order log.

IV. SUPPLIES

- The Accountant/Custodian will be responsible for the custody and safeguarding of stocks of expendable supplies. These will comprise mostly stationary and other office supplies and should be kept in a locked cupboard to which access is restricted to the Project accountant/(the Custodian).
- An Inventory Control Book (See page 52) should be kept to record all stock movements, detailing the following for each items:
 - Stock in
 - Date of purchase
 - Number of items purchased
 - Payment Voucher Number

- Stock out
 - Date of distribution
 - Number of Items distributed
 - Name of recipient
- Stock Issue Voucher number
- Balance of stock held
- When stocks are requested, a purchase request form (See also 55) should be prepared and signed by both the Accountant/(the Custodian) and the recipient of the stock items to confirm the date and quantity of the stock issued.
- The Accountant/(the Custodian) is responsible for re-ordering of stocks and when stocks are depleted, a purchase request form needs to be completed in accordance with the Purchasing procedures above.

Reconciliation

- At the end of each month, the balance for each item in the Inventory Control Book should be agreed to a physical count of the items in stock, conducted by a person independent of the custody or recording of stocks.
- The date of count, the results and the name of the counter should be recorded in the Inventory Control Book and the Executive Director should approve this on a monthly basis. Any differences should be investigated.

V. *PROPERTY AND EQUIPMENT*

- A Fixed Asset Register (See Accounting Procedures Manual Appendix D) should be set up to ensure adequate controls over property and equipment purchased/granted for the use of the project and whose useful life is expected to be more than one year.
- The register should include the following details:
 - Date of acquisition
 - Detailed description, including model numbers where appropriate
 - Serial number
 - Identification code
 - Location
 - Funder
 - Purchase cost
 - Comments, for example on the condition of the item at the last physical check
- The register should be updated immediately for all fixed asset additions or disposals.
- Disposal of any asset must be agreed in writing by the Executive Director and the funder.

- All assets must be clearly marked as the property of the Poverty Reduction Fund Office and bear an individually coded tag.
- A regular inventory should be performed to ensure that the register remains accurate. The date of the inventory and the results should be recorded in writing and the Register updated.

The Property and Equipment Register, together with the inventory records, purchase invoices and any other relevant documentation, such as ownership documents, should be filed on the **Property and Equipment** file.

10.4 Account Forms:

POVERTY REDUCTION FUND PROJECT

Activity Budget / Purchase Order

Requesting Division/Province: _____ Date: ___/___/___

Purpose of Purchase:

Budget Provision for Purchases:

Item	Description	A/C Code	Quantity	Unit Price	Amount US\$/KIP
Total Budgeted Amount					

Requested by:

Approved by:

Certified by:

Inventory Control Book

POVERTY REDUCTION FUND PROJECT

INVENTORY CONTROL BOOK

OFFICE

LOCATION: _____

DESCRIPTION OF THE

ITEM: _____

Period from ____/____/____ until ____/____/____

Date	STOCK IN			STOCK OUT			BALANCE	COUNT
	Description	No. of items IN	Payment Voucher Number	No. of items OUT	Name of recipient	SIGNATURE		

Prepared by: _____

Certified by:

Date: _____

Date: _____

Fixed Asset Register

POVERTY REDUCTION FUND PROJECT

FIXED ASSET REGISTER

Division/Province: _____
____/____/____

Date: _____

Date of Purchase	Description (model)	Location	Serial No.	No. of Units	Purchase Price	Responsible Person/Unit	PV No.

Prepared by: _____

Approved by:

Date: _____

Date: _____

Request for Petty Cash

POVERTY REDUCTION FUND PROJECT

REQUEST FOR PETTY CASH

Date __/__/__

Staff Name: _____

Purpose of Request:-

Office location _____

Item	Description	Quantity	Unit Price	Amount (kip)
TOTAL AMOUNT				

Approved by: _____

Requested by: _____

Purchase Request

POVERTY REDUCTION FUND PROJECT

PURCHASE REQUEST

Date __/__/__

Staff

Name: _____

Purpose of Request:-

Office

location _____

Item	Description	Quantity

**TOTAL
AMOUNT**

Certified by: _____

Requested by: _____

Approved by: _____

POVERTY REDUCTION FUND PROJECT

TRAVEL AUTHORIZATION / BUDGET

Name: _____

Position: _____

Division/Province: _____ Date: ___/___/___

Purpose of Travel: _____

Requested by:.....

Approved by:.....

Budget Provision for Traveling:

Departure Time/Date	Return Time/Date	Number of Days/Nights
------------------------	---------------------	--------------------------

Description	No. of Days	Rate	Amount ()
Hotel Domestic/Abroad			
Airfares			
Per diem			
Petrol/Fuel			
Terminal fees			
Others			
Total Budgeted Amount			

Approved by:

Calculated and certified by:

Project Director/Coordinator

POVERTY REDUCTION FUND PROJECT

PCV No. _____

PETTY CASH VOUCHER

Staff name: _____

Office location: _____ Date: ___/___/___

Item	Description	A/C Code	Quantity	Unit Price	Amount (KIP)
Total Invoice KIP					

Approved by: Date ___/___/___	Paid by: Date ___/___/___
Certified by: Date ___/___/___	Received by: Date ___/___/___

Item	Description	% IDA	%GOVT	Amount (KIP)
IDA Funds				
Govt. Fund				
Total Amount KIP				

Journal Entry

Description	Cat. No.	A/C Code	Debit	Credit
Entered By:				
Checked By:				

POVERTY REDUCTION FUND PROJECT

EXPENDITURE REPORT

ER No. _____

Staff name: _____

Office location/Unit: _____ Date: ___/___/___

No.	Description	Quantity	Unit Price	Amount (KIP/US\$)
Total Invoice US\$/KIP Exchange Rate USD to KIP:				

Request For Advance No. _____
Advance Received:..... (KIP/US\$)
Advance Returned:..... (KIP/US\$)
Over spent:..... (KIP/US\$)

Approved by: Date ___/___/___	Payment made by Cash/Check No. _____ Paid by: Date ___/___/___
Certified by: Date ___/___/___	Payment Received by: Date ___/___/___

Item	Description	CHQ No.	% IDA	% GOVT	Amount (KIP/US\$)
IDA Funds					
Govt. Fund					
Total Invoice US\$/KIP Exchange Rate USD to KIP:					

Journal Entry

Description	Cat. No.	A/C Code	Debit	Credit
Entered By:				
Checked By:				

POVERTY REDUCTION FUND PROJECT

Cheque Payment Voucher

CPV No. _____

Staff name: _____

Office location/Unit: _____ Date: ___/___/___

No.	Description	Quantity	Unit Price	Amount (KIP/US\$)
Total Invoice US\$/KIP Exchange Rate USD to KIP:				

Approved by: Date ___/___/___	Payment made by Check No. _____ Paid by: Date ___/___/___
Certified by: Date ___/___/___	Payment Received by: Date ___/___/___

Item	Description	CHQ No.	% IDA	% GOVT	Amount (KIP/US\$)
IDA Funds					
Govt. Fund					
Total Invoice US\$/KIP Exchange Rate USD to KIP:					

Journal Entry

Description	Cat. No.	A/C Code	Debit	Credit
Entered By:				
Checked By:				

Request for Advance

POVERTY REDUCTION FUND PROJECT

REQUEST FOR ADVANCE

RFA No. _____

Staff name: _____

Purpose of request _____

Office location: _____ Date: ___/___/___

Item	Description	A/C Code	Quantity	Unit Price	Amount (KIP/US\$)
Total Invoice US\$/KIP					
Exchange Rate USD to KIP:					

Approved by: Date ___/___/___	Payment made by Cash/Check No. _____ Paid by: Date ___/___/___
Certified by: Date ___/___/___	Payment Received by: Date ___/___/___

Item	Description	CHQ No.	% IDA	% GOVT	Amount (KIP/US\$)
IDA Funds					
Govt. Fund					
Total Invoice US\$/KIP					
Exchange Rate USD to KIP:					

Journal Entry

Description	Cat. No.	A/C Code	Debit	Credit
Entered By:				
Checked By:				

POVERTY REDUCTION FUND PROJECT

Quotation Summary Report

Project Location/Unit:

Description of goods to be purchased.....

LIST OF SUPPLIERS WHO SUBMITTED QUOTATIONS

No.	Name of SUPPLIER	Tel /fax	Quotation submission date	Proposed price (US\$/KIP)	Remark

Selected supplier :
Price:.....

Reasons for selecting supplier:.....

Prepared by:
 Name _____
 Signature _____
 Date: ___/___/___

Certified by:
 Name _____
 Signature _____
 Date: ___/___/___

Approved by:
 Name _____
 Signature _____
 Date: ___/___/___

Cash Receipt Voucher

POVERTY REDUCTION FUND PROJECT

Cash Receipt Voucher

Date: ____/____/____

No.	PURPOSE OF INCOME	Reference	Amount (Kip)
	Total Amount		

Paid by:
Name _____
Signature _____

Received by:
Name _____
Signature _____

Bank Receipt Voucher

POVERTY REDUCTION FUND PROJECT

Bank Receipt Voucher

Date: ____/____/____

Purpose of income _____

Bank Account Name _____

Bank Account Number _____

No.	DESCRIPTION	Amount (US\$/Kip)
Total Amount (US\$/KIP)		

Certified by:

Name _____

Signature _____

POVERTY REDUCTION FUND PROJECT

Note for goods received, works or services completed

Name and address of beneficiary:.....

Receiving/Certifying official of beneficiary.....

Date:

Name of Supplier/Contractor/Consultant

DATE OF SUPPLY/WORKS	DESCRIPTION OF GOODS/WORKS/SERVICES	UNITS OF GOODS/WORKS OR INPUTS FOR CONSULTANTS	UNIT PRICE	VALUE
TOTAL				

GOODS HAVE BEEN CERTIFIED AS CORRECT RECEIPTS.

Name of receiving Official.....	Signature.....	Date.....
Certified by.....	Signature.....	Date.....

Cash Count Sheet

POVERTY REDUCTION FUND PROJECT

Cash Count Sheet

Month: ____/____

Office location: _____

Banknotes (KIP)	100	500	1,000	2,000	5,000	10,000	20,000
Numbers							

TOTAL AMOUNT IN KIP

Petty Cash Book balance:.....

Remark:.....

Prepared by: _____

Certified by: _____

Date: _____

Cash Count Sheet

Month: ____/____

Office location: _____

Banknotes (KIP)	100	500	1,000	2,000	5,000	10,000	20,000
Numbers							

TOTAL AMOUNT IN KIP

Petty Cash Book balance:.....

Remark:.....

Prepared by: _____

Certified by: _____

Date: _____

ORDER AND CONTRACT FOR SUPPLY OF GOODS

[Specimen form]

[Poverty Reduction Fund]
[Address]

To : [Name of the Director and supplier which has won the supply contract]
Address : [Address of the supplier]

Mr. Manager/Director,

Poverty Reduction Fund would like to place an order for the supply and installation of , in conformity with your proposal dated....., specifying the prices of the goods for whose procurement you successfully competed.

1. SUBSTANCE OF GOODS

[List of goods requested, with quantities and reference to quotation of supplier]

2. AMOUNT OF THE CONTRACT

The amount of the contract is fixed at[currency unit] and it is not subject to revision.

3. TIME LIMIT AND PLACE OF DELIVERY

The time limit for the delivery of goods is set for [days, weeks or months] from the date of signing this contract. The goods will be delivered at [destination].

4. INTERIM RECEIPT

The interim receipt will be issued upon delivery of all the goods. [Or : If the installation of the goods is required, the interim receipt will only be issued after installation of the equipment are completed. The receipt will be acknowledged as the interim receipt report.

5. TIME LIMIT FOR THE WARRANTY AND AFTER –SALES SERVICE

The deadline for the warranty period is set for months from the date of the interim receipt. During the warranty period, excluding the current maintenance, all the repairs resulting from faulty equipment will be at the supplier's expenses, including the supply of the replacement parts and the overhead costs.

The suppliers is to guarantee an after-sales service to ensure the maintenance service as well as the fast and regular supply of spare parts.

6. FINAL RECEIPT

The final receipt will be issued at the end of the warranty period, and will be acknowledged as the final receipt report.

7. RETENTION

The retention amount, to be reimbursed when the final receipt has been issued, is set up at 10 percent of the total amount of this contract.

8. LIQUIDATED DAMAGES

In case of delay within the period specified in the contract, the supplier is subject to a penalty of 1/1000 of the price of the goods ordered per calendar day of delay.

However, the ceiling of these penalties is 10 percent of the total amount of the contract.

In case the 10 percent ceiling is exceeded, the administration reserves the right to terminate the contract.

9. SCHEDULE OF PAYMENT

The amount which are due will be paid in the following manner :

.....% of the amount of the invoice upon issuance of the interim receipt.

.....% of the amount of the invoice upon issuance of the final receipt.

Total : 100% [Total should always be 100% of the amount of the contract].

10. FORM OF PAYMENT

The payment will be made in cash by the signatories of the Poverty Reduction Fund or by check of the [name of bank] at.....[place].

11. PERFORMANCE SECURITY

The performance security at the amount of 10% of the contract price will be submitted to the Purchaser within 7 days after signing the contract. Failure to submit the performance security will result in decision to cancel this contract.

12. APPROVAL OF THE ORDER/CONTRACT

This contract will be effective only after it has been signed by both parties.

Place and date :

Signed : [signatories of the Poverty Reduction Fund]

Read and accepted :

For the Supplier :.....

Place and date

Signature (s).....[Representing the supplier].

10.5 Administrative Forms:

VEHICLE LOG BOOK

DATE	TIME		METER (Km)		USER'S NAME	DRIVER	PURPOSE
	Departure	Arrival	FROM	TO			

Filing System for Poverty Reduction Fund

In order to systematize and facilitate processes office administration for improving transparency, PRF staff must understand how to handle filing system as presented below.

In coming mail:

When receiving any kind of mail / letter the following rules must be followed:

- Make 2 copies of the original.
- 1 copy is kept in a folder labeled “ Incoming”, no matter where it is from.
- 1 copy is kept in category file such as PRF National Office, PRF Savannakhet, PRF Champasak, PRF Huaphanh, Provincial CPC, and other Provincial Offices. There are two pieces of paper to divide IN mail and OUT mail in the folder.
- 1 original is attached by a Slip, put in file folder then sent to Supervisor for any comments. Attach name staff list to circulate, and then cross out name it has been after seen / read.
- After comments, the secretary will check to whom the letter is sent. She will make a copy and give it to the first person for action. And then give it to the next person.
- The Secretary prepares files for the Executive Director two times per day – morning and afternoon. Any urgent mail has to follow the same step but one separated file must be created to the Executive Director.

Out Going Mails:

- Every Out Going Mail has to identify the reference in order numbers
- Each Provincial Office has registry book to record as number / month / year / PRF / province, for example, 001/09/02/PRF National Office, 001/09/02/PRF Savannakhet, 001/09/02/PRF Champasak, 001/09/02/PRF Huaphanh.
- When preparing file for Signature the Executive Director, do not forget to put your initial names on the letter under the reference.
- Make 2 copies of the original before sending the letter.
 - 1 copy is kept in a folder OUTGOING MAIL, no matter where it is sent.
 - 1 copy is kept in category file.
 - 1 copy is kept in file which collects all Out Going Mail on that day

Sending Mails:

- Record every Out Going Mail with a registry book.
- Recipient needs to give signature to note that they already have received the letter.

Time Sheet

Name:
Position:
Contract No.:

Date/Time	Description of work done	Remark

Date: _____

Date: _____

Approved by
Director Supervisor

Signature: _____

Application for Leave

Name: Position:
Leave Purpose:
Start From: To:
Remaining
Holiday:.....
Number of days requested:; Sick Leave Annual Leave
Balance:
Contact Address:
.....

Date:

Signature:

Date:

Approved by Head of Unit:

Date:

Approved by Executive Director:

Remark: More than 3 days of holiday need approval from Executive Director.

Personnel History Form

Personal Information

Name:
Date of Birth:
Place of Birth:
Nationality:
Sex:
Marital Status:
Contact Address:
Present Address:.....

Passport number:.....
 ID card number:.....
 Account number / Bank branch office:.....

Education:

Working Experience:

Other Skill:

POVERTY REDUCTION FUND

PERSONNEL ACTION FORM

1. Name and Surname: _____ of staff	2. DOB (Date of Birth): _____	3. Sex: Male <input type="checkbox"/> Female <input type="checkbox"/>
4. Position: _____	5. EOD (Entry on Duty): _____	6. Expiry Date: _____

7. Contact address: _____

Tel: _____ Fax: _____ Email: _____

8. Marital status: _____

9. Nationality : _____

10. Dependant (S) (Spouse / Children)

Names of Dependants	Status	Benefits to be given in case of death
1.		
2.		
3.		
4.		
5.		
6.		
7.		

11. Completed by : _____

Date: _____

Poverty Reduction Fund

MANNING TABLE

Post title	Incumbent	Nationality	Entry on Duty EOD	Expiry Date (EXD)

Personnel officer : _____

Head of FA: _____

Date : _____