FINANCIAL MANAGEMENT MANUAL FOR

COWASH IV PROGRAM

OCTOBER 1, 2021

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ABBREVIATIONS AND ACRONYMS

BBF	Balance brought forward
BCC	Behavior change communication
BCO	Balance Carried forward
BoF	Bureau of Finance
BoFED	Bureau of Finance and Economic Development
BoLSA	Bureau of Labor and Social Affairs
BoMSE	Bureau of Micro and Small Enterprises
BoW	Bureau of Water
BoWYCA	Bureau of Women, Youth and Children Affairs
CLTSH	Community Led Total Sanitation and Hygiene
CMP	Community Managed Project
COPCD	Channel One Programs Coordinating Directorate
COWASH	Community-Led Accelerated WASH
CQS	Selection Based Consultant Qualification
CRV	Cash Receipt Voucher
CSO	Civil Society Organization
CWA	Consolidated WASH Account
DPO	Development Partner Organization
EOF	Embassy of Finland
EOI	Advertisement for Expiration of Interest
FGE	Federal Government of Ethiopia
FM	Financial Management
FTAT	Federal Technical Assistance Team
GCA	Government Communication Affairs
GoE	Government of Ethiopia
GoF	Government of Finland
GPN	General Procurement Notice
GTP	Growth and Transformation Plan
HCs	Health Committees
HOC	Home Office Coordinator
IBEX	Integrated Budget Expenditure System
ICB	International Competitive Bidding
IFMIS	Integrated Financial Management Information System
IFR	Interim Financial Report
JV	Journal Voucher
KWT	Kebele WASH Team
LCS	Least Cost Selection
MFA	Ministry of Foreign Affairs

MFI	Micro Finance Institutions
MHM	Menstrual Hygiene Management
MoE	Ministry of Education
MoF	Ministry of Finance
MoH	Ministry of Health
MoWIE	Ministry of Water, Irrigation and Energy
MSE	Micro and Small Enterprise
NCB	National Competitive Bidding
NWCO	National WASH Coordination Office
NWSC	National WASH Steering Committee
NWTT	National WASH Technical Team
O&M	Operation and maintenance
OWNP	One WASH National Program
PD	Program Document
PV	Payment Voucher
QCBS	Quality and Cost Based Selection
RFP	Request for Proposal
RSU	Regional Support Unit
RV	Receipt Voucher
RWCO	Regional WASH Coordination Office
RWSC	Regional WASH Steering Committee
RWTT	Regional WASH Technical Team
SPN	Specific Procurement Notice
SSS	Single Source Selection
SWEP	South-west Ethiopian Peoples' Region
TA	Technical Assistance
ToR	Term of Reference
TVET	Technical and Vocational Education Training
WASHCO	WASH Committee (Community Level)
WASH	Water, Sanitation and Hygiene
WIF	WASH Implementation Frame work
WoFED	Woreda Finance and Economic Development Office
WSP	Water Safety Planning
WWT	Woreda WASH Team
ZoFED	Zone Finance and Economic Development Office
ZWMT	Zonal WASH Management Team
ZWT	Zonal WASH Team

PART I: INTRODUCTION

1. Background

The One WASH National Program (OWNP) is the Government of Ethiopia's (GoE) main instrument for achieving the goals set out for WASH in the Growth and Transformation Plan (GTP). The program was designed to be implemented in two Phases. Phase I covered the period from July 2013 to June 2015 and Phase II from July 2015 to June 2020. Phase I of one WASH, as is specified in the One WASH national program, is designed to increase harmonization and alignment among and between development partners and the GoE. During this phase WASH organizations and procedures are supposedly to be fully established and become operational at all levels. During this Phase I, partners, including Civil Society Organizations (CSOs) are expected to increasingly align their targets, plans and activities with the program and strengthen coordination in planning, implementation, monitoring and reporting of all WASH activities amongst stakeholders at different levels. Any new WASH programs or new phases of existing WASH programs are also expected to align with the Program's principles, approaches and plans.

The development objective of the OWNP program is to "increase access to improved water supply and sanitation services for residents in participating woredas, towns, and communities in Ethiopia".

The intermediate objectives of OWNP during 2021 to 2025, more specifically: (i) 100% rural population using water supply with basic services of which 35% using piped water supply and 22% using safely managed drinking water supply services; (ii) 100% of the urban population using piped water with basic water supply services of which 58% using safely managed drinking water supply services; (iii) decrease rural water supply schemes non-functionality rate to 5%; (iv) 100% of woredas having spare parts supply chain services for rural water supply schemes maintenance; (v) 100% of woredas with water quality monitoring system in place and rural water supply schemes with water safety plan; (vi) 60% of woredas having the private sector and/or small and microenterprises involved in rural water supply O&M activates; (vii) 72% of urban water supply utilities with non-revenue water 20% or less; and (viii) 30% of urban water supply utilities with 16 hours/day or more continuity of water supply at premises.

The Government of Finland supported Community-Led Accelerated WASH (COWASH) project was established by the Ethiopian and Finland Governments in 2011 to support the development and establishment of One WASH National Program (OWNP) as defined in the National WASH Implementation Framework (WIF) and to support the scaling-up of the Community Managed Project (CMP) approach in order to accelerate the rural WASH implementation. COWASH has been implemented in three phases of I-III. The Phase III ended on March 2021. The implementation of COWASH IV started in April 2021 and will continue until end of December 2024.

The Community-Led Accelerated WASH (COWASH) Project was established with the aim to serve as a transition program towards Finland's OWNP support and with the overall objective to achieve universal access to WASH services in seven regions (104 rural woredas) of Ethiopia. The purpose of the Project was to support the acceleration of the rural water and sanitation targets attainment through the establishment of an enabling environment and implementation of Community Managed Project (CMP) interventions in community, schools and health institutions water and sanitation facilities in selected rural areas of Ethiopia (Amhara, Oromia. Tigray, SNNP, Benishangul-Gumez, Sidama and SWEP regions).

The implementation strategy of COWASH is based on the CMP approach. When the CMP approach is applied, communities are fully responsible for the water supply development process, through planning, financial management, construction management and maintenance management. The key feature of the CMP funding mechanism is that it transfers funds and project management responsibilities for physical construction or rehabilitation directly to communities or relevant institutions such as schools and health facilities. The transfer of funds from the Government of Finland (GoF) is carried through Ministry of Finance to regional finance bureau and then to WASH sector bureaus, zone finance departments and woreda finance office.

Based on the Program objectives and targets, this manual is designed to allow the establishment of a uniform system across the implementing agencies, to provide Financial Management Guidelines and procedures that will specify how financial transactions of the Program are recorded and reported by implementing agencies at Federal, Regional, Zonal, Woreda levels, from the initial identification of transactions to the final financial reporting. It discusses the detailed procedures in receiving fund (from GoF) keeping the fund, spending it, recording the expenditures, reporting to the appropriate body and in safeguarding the assets acquired.

The Manual has the following general objectives:

a) Outlining the various processes and procedures to be followed by all staff involved in the FM of the Program.

b) Providing instructions to ensure that resources to be used are incorporated in the budget and adequate internal controls are in place to safeguard the use of funds during implementation.

c) Aligning the program FM to financiers' guidelines.

d) Outlining responsibilities among the key players of the various operational aspects of the FM system.

e) Serving as a reference document for all parties involved in the implementation of the Program.

The FGE Accounting System's policies and procedures are the basis of this guideline. Codes are similar unless new account titles are required as a result of the unique system of the COWASH.

The manual considers the capacity of the accounting staff and offices of the implementing institutions at all level. It also provides guidelines for proper documentation and system of internal control that would assure sufficient audit for future reference of any interested organ. It incorporates valuable ideas and comments gathered from preceding Program's governmental implementation agencies, financer of the Program and remarks of finance officers. It also provides directives for proper documentation and system of internal control that would assure sufficient audit trail for future reference, to any interested organ.

The content of the manual has been divided into five logical parts and include: Introduction, Institutional Arrangement, Financial Management, Procurement, Administration sections and Annexes.

MoF/COPCD is responsible for the FM, it is also the owner of this document and COPCD should approve any modification, alteration, or change to this document in consultation and consent of the COWASH steering committee.

PART II: INSTITUTIONAL ARRANGEMENTS

2. Institutional arrangements for financial Management

For the implementation of the COWASH IV program defining the implementers institutional arrangement and their roles and responsibilities is crucial so as to realize the program's outcomes in efficient and effective manner. The institutional arrangement discusses roles and responsibilities of the program actors in regards to implementation of the program and resource management. The actors are categorized in to four levels namely: federal and above level, regional, zonal, woreda level.

2.1 Federal and above level

2.1.1 Government of Finland

a) Ministry for Foreign Affairs (MFA) of Finland

- Handles COWASH IV and CWA Project issues with the GoF such as approval of GoF support to the Government of Ethiopia (GoE).
- Procures and signs a contract with consultants who provide technical assistance (TA) services for COWASH IV.
- Transfers the Government of Finland contribution for COWASH IV to a specific account to be opened and managed by the Ministry of Finance (MoF) of Ethiopia.
- Organize external auditing and mid-term evaluation

b) Embassy of Finland (EoF)

- Co-Chair of the COWASH IV National Steering Committee
- Signs COWASH IV bilateral/intergovernmental agreement with the Ministry of Finance (MoF) of Ethiopia representing the MFA of Finland.
- Receives and reviews the federal and regional annual plans and compiled quarterly and annual progress reports (physical and financial) of the project from MoF and MoWIE.
- Participates in the Regional COWASH Steering Committee meetings, supervisions and lessons learned events organized by COWASH
- Facilitates the issues related to the bi-lateral agreement with the Ministry of Finance (MoF) such as duty-free importation of cars, mid-term evaluation and external audits

2.1.2 National WASH Steering Committee (NWSC)

The composition of NWSC on COWASH decision making is: MoWIE Chair, MFA Co-Chair and MoF, MoH, MoE are members. NWSC on COWASH is the highest-level decision-making body of COWASH IV. The main task of the NWSC on COWASH is to oversee and support smooth implementation of the Project. NWSC's role in COWASH IV reflects close integration of the Project in the overall WASH development in Ethiopia. The duties and responsibilities of NWSC in COWASH IV include but are not limited to:

- NWSC agrees/sets the criteria and weight of each criterion to be used in the GoF budget allocation to regions;
- Based on agreed criteria it approves the GoF budget share to each region
- Sets agreed criteria (most of the criteria are put in the program document) and recommends to the RWSC to select woredas to be included in the phase;
- Approves/endorses the final decision of the number of woredas proposed by the RWSC to be included in the phase during the inception phase considering cost efficiency and adequacy of funding and capacity building resources for all new woredas;
- Provision of guidance on the overall Project implementation;
- Approval of major COWASH strategic and policy matters;
- Decisions on changes in or deviations from PD, including Project scope and objectives, organizational structure and management, budget changes as well as other changes with major financial implications;
- Approval of major guidelines, strategies and manuals relevant for COWASH implementation;
- Review and endorsement of annual work plans and budgets, including annual allocation of Project budget to regions; and
- Review and approval of the Inception Report and annual progress and financial reports.

2.1.3 Home Office Coordinator (HOC)

The Home Office Coordinator (HOC) is a professionally qualified person to take care of the respective tasks of the Project. HOC is responsible for:

- Recruitment and personnel management of the long-term and short-term experts as defined and/or approved by the Project's Steering Committee;
- Organizing training and tutoring for the junior experts;
- Organizing/facilitating relevant team building processes for the TA team;
- Development of the Project's financial and other management mechanisms with the FTAT and partner institutions;
- Financial management of the TA and invoicing, including quality check of the Project's financial management and invoices;

- Quality control and support to the TA team in substance matters and Project management;
- Guidance on reporting and quality check of reports and other documentation; and
- Liaison with MFA including informing the MFA on any issues requiring attention and/or action.

2.1.4 Federal Technical Assistant Team (FTAT)

The Federal Technical Assistance Team (FTAT) is a team of international and national consultants employed by Niras Finland for provision of technical support to COWASH IV. The FTAT is housed at the MoWIE and accountable to MoWIE in matters related to project implementation.

The FTAT supports the MoF, MoWIE, WDC and NWCO in the implementing the OWNP II as well as giving direct support to Regional States in implementing COWASH IV.

FTAT responsibilities are to:

- Introduce and promote CMP in new regions;
- Assist regions in establishment and management of RSUs;
- Assist regions in establishment of joint financing arrangements with MoF project implementation;
- Carry out hydro-geological, socio-economic assessments and baselines in regions when feasible;
- Carry out capacity assessments and develop capacity development plans for the regions;
- Organize training according to the capacity development plans for the regions and assist regions to build relevant capacity in zones and woredas (Training of Trainers);
- Assist regions in preparing the region-specific guidelines for COWASH/CMP implementation;
- Assist regions in financial and technical planning for COWASH/CMP implementation
- Assist regions in ensuring that practical implementation is in line with CMP approach.
- Work closely with other relevant directorates in MoH and MoE to ensure cross-sectoral participation in CMP and ensure efficient implementation of and learning from WASH implementation managed by other Ministries.
- Has a crucial role in advising and coordinating the activities of regional support units (RSUs).
- Provides assistance and advice to the Embassy of Finland in WASH/CMP matters.
- Provide assistance to MoWIE and MoF in compiling the consolidated financial and progress reports, when required
- In cooperation with MoF prepares a detailed financial manual, based on GoE fiscal reporting rules.

2.1.5 National WASH Technical Team (NWTT)

- Provides technical oversight and support to OWNP as well as to COWASH IV;
- Review annual plans, budgets, and reports, and make recommendations to NWSC;
- Meets prior to NWSC meetings to handle matters related to the implementation of COWASH IV;
- Manage the program implementation planning, resources distribution and submitting required agenda and reports to the National WASH Steering Committee;
- Collects and combines the financial and progress reports from regions for action and approval in NWSC;
- Assists the Regional implementers by identifying their program gaps and management deficits and provides them with the technical assistance or the capacity development they require;
- Provides necessary logistic support for RSU

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2.1.6 Ministry of Finance (MoF)

Member of the COWASH IV National Steering Committee are responsible, at federal level, for the financial management of the Government of Finland contribution and reporting of its use in the COWASH IV program.

- Signs COWASH IV bilateral agreement with the Embassy of Finland (EoF) in Ethiopia representing the MFA of Finland;
- Signs separate COWASH IV Memorandum of Understanding (MoU) with Regional Bureaus of Finance (BoF) of each COWASH IV participating region;
- Opens and operates one dedicated foreign currency and local bank account to administer the funds arriving from Finland (MFA);
- Receives GoF fund from MFA of Finland and transfers GoF funds to the BoF of each COWASH IV region as well as COWASH specific accounts of MoF and MoWIE;
- Supervises the use of GoF funds by the implementing regions
- Build the capacity of the regions' personnel in COWASH IV financial management;
- Compile quarterly and annual financial reports of the program Fund utilization and submit to Embassy of Finland;
- Employs/contracts Financial Specialist who practically manages the program fund financial operations of COWASH IV;
- Carries out annual financial audit on the use of the program fund in the program implementing agencies and submit audit report to EoF;
- Assists the Federal Technical Assistant Team to prepare comprehensive Financial Management Manual for COWASH IV;
- Provides guidance and assistance for COWASH IV importing duty and tax-free items from abroad as per the GoF-GoE framework agreement.

2.1.7 Ministry of Water, Irrigation and Energy

a) Tasks related to COWASH IV

- Manage the COWASH IV implementation at federal level;
- Consolidate COWASH IV progress reports;
- Chair the NWSC meetings for COWASH IV;
- Representative to participate in RWSCs;
- Provide administrative support to FTAT for issues as visas, work permits, imports, office facility, etc.

b) Tasks related to the water sector

- Manage the implementation and consolidates the reports with the assistance from the FTAT;
- Supervise the implementation in the regions, zones and woredas;
- Support in the provision of safe and adequate water for human consumption and domestic use for communities and institutions (e.g., schools, health institutions)
- Develop national policy, strategy, guidelines, manuals, regulations, standards, etc.;
- Establish national O&M strategies;
- Develop capacity building approaches and materials;
- Develop budgets and plans, prioritizing vulnerable groups;
- Mobilize resources;
- Coordinate between ministries and between organizations (GoE, donors, NGOs);
- Provide technical assistance to regions, zones and woredas;
- Map and monitor water resources (groundwater depth and quality);
- Monitor progress and evaluation;
- Provide expertise on the testing of water quality;
- Research and development and information dissemination;
- Legalization of WASHCOs.

2.1.8 National WASH coordination Office (NWCO)

National WASH Coordination Office works in close collaboration with the Federal Technical Assistant Team and COWASH CTA and in this collaboration:

- Requests technical assistant support to National WASH coordination and implementation;
- Ensures place for FTAT members to work closely in the committees and task forces established for National WASH coordination;
- Informs FTAT regularly on the ongoing WASH sector developments;
- Organizes WASH stakeholder events in close partnership with COWASH IV.

2.1.9 Ministry of Education (MoE)

- Member of the COWASH IV National Steering Committee;
- Assists COWASH FTAT in training different stakeholders in School WASH planning, design and implementation;
- Shares important school WASH materials (designs, manuals, guidelines and stakeholders);
- Collaborates with COWASH in school Menstrual Hygiene Management (MHM) development and School WASH maintenance management manual development;
- Collaborates with COWASH in school WASH advocacy and behavioral change.

2.1.10 Ministry of Health (MoH)

- Member of the COWASH IV National Steering Committee;
- Assists COWASH FTAT in training different stakeholders in health institutional WASH planning, design and implementation;
- Assists COWASH FTAT in training different stakeholders on issues of household sanitation;
- Collaborates with COWASH in household sanitation financing development;
- Shares important intuitional WASH, household latrine, and sanitation marketing related materials (designs, manuals, guidelines and stakeholders);
- Collaborates with COWASH in hygiene and sanitation advocacy and behavioral change.

2.2 Regional level

2.2.1 Regional WASH Steering Committee (RWSC)

The composition of RWSC in COWASH decision making is: Bureau of Water, represented by the Bureau Head or his/her Deputy, Bureau of Finance, represented by the Head or his/her Deputy; Bureau of Health, represented by the Bureau Head or his/her Deputy; Bureau of Education, represented by the Bureau Head or his/her Deputy; Bureau of Women, Youth and Children Affaires, represented by the Bureau Head or his/her Deputy.

The RWSC can invite Ministry of Foreign Affairs of Finland, represented by the Embassy of Finland, representatives from MoWIE (FTAT) and MoF to participate in meetings when COWASH IV issues are discussed.

RWSC acts as the highest-level COWASH management organ in the region – in line with WIF. The main task of RWSC in COWASH IV is to oversee and support smooth implementation of the Project program and support the CMP development, implementation and scaling up in the Region. The duties and responsibilities of RWSC in COWASH IV include but are not limited to:

- Provision of guidance on the overall Project implementation;
- Provision of guidance and approval of major COWASH strategic and policy issues;
- Decisions on changes in the COWASH management structure and management, budget as well as other changes with major financial implications;
- Approval of major guidelines, strategies and manuals relevant for COWASH implementation;
- Review and endorsement of annual work plans and budgets;
- Review and approval of annual progress reports;
- Based on the basic woreda selection criteria shared by the NWSC the RWSC prepares the final woreda selection criteria for the region for COWASH IV woredas;
- Selects the woredas to be supported by the COWASH IV using the final woreda selection criteria approved by the RWSC;
- Allocates the Regional States funds for investments and operational costs;
- Allocates/shares COWASH IV funds (GoF and GoE) between the woredas;
- Approves the COWASH IV annual plan and progress report of the region;
- RWSC meets on COWASH twice a year to provide guidance and makes decisions based on the jointly prepared agenda.

2.2.2 Regional WASH Technical Team (RWTT)

- Proposes the woredas to be included in COWASH IV for the RWSC for approval;
- When needed it discusses on technical issues related to COWASH and CMP approach and proposes for the RWSC for decision.

2.2.3 Regional WASH Coordination Office (RWCO)

- Works in coordination with the regional support unit (RSU) for COWASH in areas which need coordination;
- Collaborates with COWASH in coordination of WASH implementation with other regional WASH actors;
- Coordinates and collaborates with COWASH in identifying, analyzing and disseminating the major lessons learned in COWASH.

2.2.4 Regional Support Unit (RSU)

RSU support the Project to build institutional capacity at regional, zonal and woreda levels to establish, replicate and scale up CMP implementation. The duties and responsibilities of the RSU are but not limited to:

- Develops strategy and plans to establish, sustain and scale-up community managed funding mechanism to the potential CMP Woredas and zones including an institutionalization strategy, plan of action and budgets;
- Provides support to the coordination of CMP implementation with Woreda Managed Projects (WMP), CWA, NGO managed projects and Self Supply Projects;
- Provides support to coordination of the COWASH IV project implementation through the Bureaus of Health and Education;
- Oversees and guarantee the participation of the Bureau of Women, Youth and Children Affairs. Provide space and opportunities for the Bureau of WYCA to participate in planning, budgeting and monitoring of the CMP program as well as related training events;
- Provides support to the coordination of CMP implementation with other possible WASH development projects aiming at reaching OWNP targets;
- Monitors physical performance in relation to financial disbursement;
- Takes lead in the coordination and preparation of quarterly and annual progress and financial reports on the CMP implementation in participating Woredas, support zones in consolidating the CMP reports, and the Region in finalizing their consolidated reports;
- Prepares and implements a training and capacity building plan for relevant Regional, zonal, Woreda government organizations and Financial Intermediary on CMP financing and implementation mechanisms;
- Provides training to Regional and zone/Woreda WASH trainers (Training of Trainers);
- Adapts training materials to local conditions for the use of zone and Woreda staff and organizing distribution of the materials;
- Provides support to the operationalization of the monitoring and evaluation (M&E) and relevant Management Information System (MIS) for overall WASH management as especially for CMP implementation in the Region;
- Monitors and evaluates CMP activities and CMP implementation in the Region;
- Reviews and adapts CMP guidelines and procedures to local conditions where necessary
- Prepares the annual budget and work plan for RSU's own operations;
- Provides COWASH FTAT with up-dated data on CMP development.

2.2.5 Bureau of Finance (BoF)

- Signs COWASH IV financing agreement with the MoF;
- Assign focal person (financial personnel) to manage and follow-up the COWASH IV funds;
- Responsible, at regional level, for the financial management of the COWASH IV program;
- Allocation of GoE funds to regional WASH sector bureaus, zones and woredas;
- Receives the GoF funds from MoF and reports the use of the fund to MoF;
- Disburses the funds received from MoF to WASH line bureaus, zone finance office and woreda finance offices;

- Transfers the region (GoE) investment and operational budget contribution to bureaus, zone finance department and woreda finance offices;
- Consolidates quarterly and annual financial reports program fund of the project and reports to the MoF and FTAT;
- Organizes annual internal audits of program fund management and reports to FTAT;
- Supervises and trains implementing bureaus, zones and woredas in COWASH financial management;
- Chairing the regional WASH Steering Committee, if decided in the particular region;
- Assigns person responsible on Bureau's communication to collaborate and join with the COWASH Regional Communication Network

2.2.6 Bureau of Water (BoW)

- Responsible for the implementation of the program at the regional level. with support from BoH, BoF, BoE and BoWYCA;
- Chairing of Regional WASH Steering Committee, if decided in the particular region;
- Coordination of capacity building, piloting, testing and research in COWASH IV;
- Recruit the Regional Support Unit (RSU) staff and Provides office facility;
- Compile COWASH IV quarterly and annual regional progress reports with the help of RSUs;
- Ensure the allocation of GoE budget for the implementation of water schemes for communities and for the institutions as well;
- Oversee woreda implementation of water schemes test the water quality of all new and rehabilitated water supplies;
- Monitor the water quality of all operational water schemes;
- Introduces Water Safety Planning (WSP) so that all water schemes of COWASH IV will perform WSP;
- Develop and scale up the water user associations legalization;
- Ensure that all water supply implemented are accessible to the persons with disability;
- Assign coordinator for COWASH IV
- Assigns person responsible on Bureau's communication to collaborate and join with the COWASH Regional Communication Network

2.2.7 Bureau of Education (BoE)

- Ensure the allocation of GoE budget for the implementation of latrines at schools. These funds can be channeled also through the Bureau of Water so that each school will have full WASH service;
- Ensure that all school latrines, water supply services and menstrual hygiene management facilities implemented through the program are accessible to the persons with disability;

- Ensure that all schools supported by COWASH have WASH operation and maintenance manual, and that it is followed;
- Ensure that schools supported by COWASH have adequate finance to operate and maintain their WASH services;
- Promote and advocates inclusive sanitation and personal hygiene for all school children and teachers;
- Train zonal, woreda and school education staff for inclusive sanitation and hygiene awareness creation;
- Provide technical support to zone, woreda and school staff in sanitation and hygiene related issues;
- Facilitate the development and production of relevant school BCC materials which changes the behavior of school children in personal hygiene and menstrual hygiene management;
- Training of zonal, woreda and kebele health staff in school WASH implementation and hygiene advocacy;
- Provide technical support to zone and woreda in school WASH related issues;
- Assign person responsible on Bureau's communication to collaborate and join with the COWASH Regional Communication Network.

2.2.8 Bureau of Health (BoH)

- Ensure the allocation of GoE budget for the implementation of latrines at health institutions. These funds can be channeled also through the Bureau of Water so that each health institution will have full WASH service;
- Ensure that all institutional and household level latrines implemented through the program are accessible to the persons with disability;
- Ensure that all health institutions have WASH operation and maintenance manual, and that it is followed in all institutions supported by COWASH;
- Ensure that health institutions supported by COWASH have adequate finance to operate and maintain their WASH services;
- Promote and advocate improved and inclusive household sanitation and personal hygiene;
- Lead the implementation and management of inclusive CLTSH and market-based sanitation;
- Train of zonal, woreda and kebele health staff for inclusive sanitation and hygiene awareness creation;
- Provide technical support to zone and woreda in sanitation and hygiene related issues;
- Provide financial option and possibilities for the rural households to build improved and inclusive household sanitation and handwashing;
- Assign person responsible on Bureau's communication to collaborate and join with the COWASH Regional Communication Network.

2.2.9 Bureau of Labor and Social Affairs (BoLSA)

- Provide technical expertise for COWASH RSU disability mainstreaming on request;
- Inform and advice COWASH RSU in linking regional Development Partners Organizations (DPOs) with COWASH.

2.2.10 Bureau of Micro and Small Enterprises (BoMSE)

- Provide support to the COWASH IV zone and woredas on issues related to the establishment, training and monitoring of Small and Micro Enterprises (SMEs) in construction, sanitation, spare part supply and water schemes maintenance business.

2.2.11 Technical and Vocational Education Training (TVET)

- Provide support to zones and woredas in skill enhancement and entrepreneurship training to MSEs.

2.2.12 Government Communication Affairs (GCA)

- Coordinates the regional communications and information flow of COWASH in particular and WASH in general.

2.2.13 Bureau of Women, Children and Youth

- Provide technical expertise for COWASH on mainstreaming gender and women empowerment issues.
- Provide technical expertise in advocacy and gender focused assessment, mental and psychosocial support.
- Provide technical support to address issues of MHM at different level.
- Assign person responsible on Bureau's communications to collaborate and join with the COWASH Regional Communication network.

2.3 Zonal level

2.3.1 Zonal WASH Management Team (ZWMT)

At the zonal level – where there are water, health, education, finance and women affairs departments/offices – a Zonal WASH Management Team has been established. Office Heads of these sectors are members of the team and they have an important intermediary role between the regions and woredas for purposes of planning, monitoring, reporting, disseminating information and providing TA.

ZWMT responsibilities vary between regions depending on their size and capacity of the zone. For CMP, the main responsibilities of zones WASH departments (water, health, education, finance, and women, children and youth affairs) are to:

- Provide training to woreda WASH sector offices and woreda WASH teams;
- Supervise training conducted by woreda;
- Supervise the activities of woredas;
- Provide technical support to woredas.

2.3.2 Zone Water Office

- The zone water department assigns one expert from the department as zone CMP/COWASH focal person to contribute the overall COWASH project activities implementation in the zone.

2.3.3 Zone Finance Office

- Assign financial personnel (focal) to follow the financial and procurement process of COWASH IV
- Responsible at zone level for the financial management and procurement of the COWASH IV program;
- Consolidates the financial reports from offices and reports to finance bureau.

2.3.4 Zone Health Office

- Provide technical support to woredas in sanitation and hygiene related issues.

2.3.5 Zone Education Office

- Provide technical support to woredas in school WASH implementation related issues.

2.3.6 Zone Women, Children and Youth Office

- Provide technical expertise to woredas on mainstreaming gender and women empowerment issues.

2.3.7 Zone Micro and Small Enterprises Office

- Provide support to woredas on issues related to the establishment, training and monitoring of small and Micro Enterprises (SMEs) in construction, sanitation, spare part supply and water schemes maintenance business.

2.3.8 Zone Technical and Vocational Education Training (TVET)

- Provide support to woredas in skill enhancement and entrepreneurship training to SMEs.

2.4 Woreda level

2.4.1 Woreda WASH Team (WWT)

WWT has a coordinating function and is accountable to the Woreda Council through the Woreda Cabinet, for the achievement of WASH targeted outputs. The WWT members are the woreda administrator, head of water office, head of education office, head of health office, head of finance office, head of agriculture office, head of MSEs office, head of Women children & youth affairs office, and CMP supervisor from water office. The CMP supervisor (the technical expert from the water office responsible for coordinating the COWASH project activities in the woreda) is the secretary of the WWT.

The role of WWT is to prepare and manage a Woreda WASH Program, integrating and coordinating the inputs of the Sector Offices and those of participating NGOs. The major responsibilities of the WWT are:

- Accountable to the woreda cabinet for WASH implementation;
- Is chaired by the woreda administrator;
- Responsible for the selection of participating kebeles in COWASH IV;
- Preparation of annual work plans and budgets;
- Provision of technical support to kebeles;
- Promotion of WASH in communities;
- Appraisal of community projects;
- Quality assurance of construction;
- Is accountable for the proper utilization of CMP funds;
- Receives applications from the communities;
- Approves or disapproves applications in accordance with agreed principles;
- Signs the Funding Agreement with the WASHCOs of approved water schemes for CMP funding;
- Notify allocated fund to woreda finance office including selection and training of artisans;
- Submits progress reports to Water Bureau in accordance with given guidelines and manuals.

2.4.2 Woreda Water Office

- Coordinates the activities at the community level and assists in setting local priorities.
- Assign supervisor for COWASH IV
- Provides training to and assists, if needed, the WASHCOs/user groups in contracting labour (the Artisan) and material suppliers;

- Assists, if needed, in site selection, surveying and supervision of the construction work
- Responsible for artesian training in water schemes construction;
- Assists WASHCOs in monitoring the progress of the construction work;
- Assists WASHCOs in preparing progress reports and reconciliations for each water supply project expenses;
- Manage the construction (contracting and managing the contract) for Institutional water supply for institutions financed from GoF or GoE budget;
- Manage the construction (contracting and managing the contract) for Institutional latrines financed from GoF or GoE budget.

2.4.3 Woreda Finance Office

- Responsible at woreda level for the financial management and procurement of the COWASH IV program;
- Assign focal person (financial personnel) to manage and follow-up the COWASH IV funds;
- Consolidate the financial reports and submit to zone finance department and finance bureau;
- Provide advance payment for the community and advance settlement through collecting finance documents from the community.

2.4.4 Woreda Health Office

- Assign focal person to follow up the implementation of COWASH IV in the sector;
- Responsible at woreda level for the sanitation and hygiene related issues financial management and procurement of the COWASH IV program;
- Responsible for the implementation/construction of latrines for health institutions;
- Responsible for giving technical support and training to health institutions in management of health institutions WASH facilities.

2.4.5 Woreda Education Office

- Assign focal person to follow up the implementation of COWASH IV in the sector;
- Responsible for the implementation/construction of latrines for schools;
- Responsible for giving technical support and training to schools in the management of school WASH facilities.

2.4.6 Women, Children and Youth Office

- Assign focal person to follow up the implementation of COWASH IV in the sector;
- Provide technical expertise for COWASH on mainstreaming gender and women empowerment issues.

2.4.7 Woreda Office of MSE/TVET Development Office

- Identify and establish MSEs working on SM, water schemes maintenance or water schemes construction activities;
- Conduct capacity gap assessment to assign entrepreneurs for training;
- Link entrepreneurs to the required training institution to acquire skill enhancement and entrepreneurship trainings;
- Equip entrepreneurs in business plan preparation skill, assist them to prepare business plan (by involving water and health offices as deemed necessary) and follow up its implementation
- Assist entrepreneurs to have market linkages.

2.4.8 Contractors

- Drilling and water supply construction contractors
- Building construction contractors
- Solar installation contractors, etc.

2.4.9 Artisans

Artisans are individuals or groups of people organized into associations or MSEs for the construction of new and rehabilitation of old water supply schemes. Some artisans are also trained in the construction of institutional latrines. Most of the artisans in the program woredas are trained by the woreda water office in COWASH I-III phases and organized in to MSEs by the woreda MSE development office. The major responsibilities of the artisans are:

- Assist the woreda water office in the construction training of hand dug wells and gravity springs for new artisans;
- Construct new community and institutional water supply schemes contracted by the WASHCOs, or woreda water offices;
- Conduct rehabilitation of water schemes contracted by the WASHCOs, or woreda water offices;
- Construct institutional latrines contracted by woreda health or education offices;
- Assist woreda water office in the training of pump attendants and care takers.

2.4.10 Sanitation Marketing Enterprises

- Concrete slabs production and selling – varying sizes;
- Selling water storage containers fitted with faucet for hand washing/shower – varying sizes and designs;
- Latrine pit digging and slab installation;
- Maintenance of existing latrine structure;
- Latrine pit emptying for productive use;
- Provision of labour in installation of shower facilities and biogas;

- Selling household water treatment chemicals;
- Retailing sanitary items (Soap and detergents, pads, soft paper, etc.).

2.4.11 Water Scheme Maintenance Enterprises

- Conduct corrective maintenance (mechanical and structural) of water schemes (hand pumps and gravity springs) contracted by WASHCOs;
- Conduct preventive maintenance of water schemes (mainly hand pumps and gravity springs) contracted by WASHCOs;
- Conduct corrective maintenance of water schemes (hand pumps and gravity springs) contracted by WASHCOs.

2.4.12 Supply Part Enterprises

- Sell spare parts for rural water schemes maintenance (hand pumps and gravity springs).

2.4.13 Rural Saving and Credit Cooperatives

- Provide loan to WASHCOs (responsible for giving the loan to and collect loan repayment from COWASH IV water scheme beneficiary households) for the construction of safely managed household latrines.

PART III: FINANCIAL MANAGEMENT ARRANGEMENTS

3. Financial Management & Disbursement Procedure

3.1 Introduction

a) This Financial Management Manual is designed to provide financial guidelines and procedures specifying how planning and budgeting are processed, financial transactions of the Program are recorded and reported by implementing agencies at federal, regional, and woreda levels. It discusses the procedures for receiving funds from Government of Finland, the required books to be kept, keeping the funds, spending them, recording the expenditures, reporting to the appropriate entities, and safeguarding the assets acquired.

b) This FM section sets forth the Program financial policies and procedures for the guidance of all personnel including those charged with financial responsibilities with the aim of ensuring that Program resources are properly managed and safeguarded. The FM system is instituted to ensure that the funds are used for purposes intended in an economic and efficient manner. It should enable the production of timely, understandable, relevant, and reliable financial information that allows Government of Finland, the government, and other stakeholders to plan budget and implement the Program, monitor compliance with agreed procedures, and appraise progress toward its objectives. To meet these requirements, the system will have the following features:

- ✓ ***Budgeting:*** A system to identify the short-term activities necessary to achieve the Program objectives and express these activities in financial terms.

Definition:

What is Financial Management*? Financial management is the planning, directing, organizing and controlling of the monetary resources of an institution. Financial management refers to the efficient and effective management of money (funds) in such a manner as to accomplish the objectives of the institution. It is the specialized function directly associated with the top management. It includes how to raise/mobilize resources, how to allocate it.*

- ✓ ***Accounting.*** A system to record analyses and summarize financial transactions.
- ✓ ***Funds flow arrangements.*** *Appropriate arrangements to receive funds from all sources and disburse the funds to the agencies involved in Program implementation.*
- ✓ ***Internal control***. Arrangements, including internal audit, to provide reasonable assurance that (a) operations are being conducted effectively and efficiently and in accordance with relevant financing agreements; (b) financial and operational reporting are reliable; (c) applicable laws and regulations are being complied with; and (d) assets and records are safeguarded.
- ✓ ***Reporting.*** A system that would produce sufficient detailed information to manage the Program, and provide each donor with regular consolidated interim financial reports and annual consolidated financial statements.
- ✓ ***External audit***. Arrangements for conducting annual external audit of the consolidated financial statements for the sector on terms of reference acceptable to all the stakeholders.
- ✓ ***Financial management staffing.*** Relevantly qualified financial management staff, including accounting and internal audit staff, with clearly defined roles and responsibilities to conduct financial management activities.

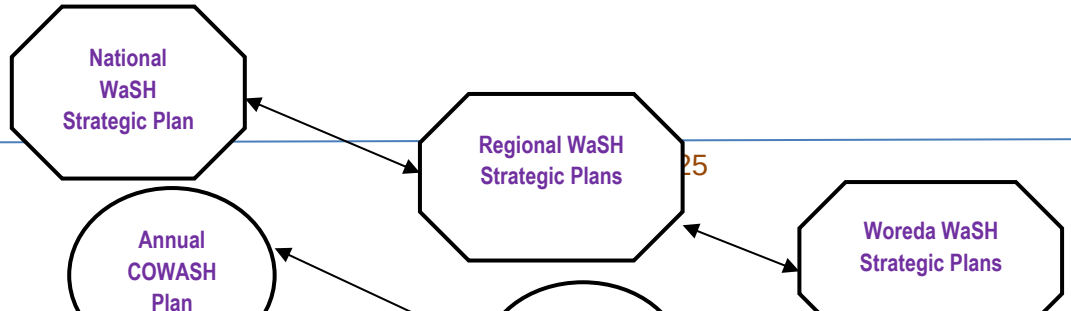
Figure-1: Financial Management Cycle



3.2 Planning framework

COWASH Plan means that all major contributors (GoE and Finland Government) agree to be a part of a single comprehensive national COWASH program. The COWASH Plan is built out of Strategic M&E framework and Annual Plans that are developed at each level and are linked to one another.

Figure 2: Planning Framework



- ✓ ***Strategic Monitoring & Evaluation Framework***: it has clear time frame in line with the period of the national development plan of the country and include goals, targets, strategies, resources and key activities.
- ✓ ***Annual Plans:*** Annual Plans have a one-year time frame that translate the priorities of the Strategic Plan into a set of practical activities, detailed schedules, budgets and specific outputs or results directly relating to GTP/SDGs targets. The Annual Plan is operational.
- ✓ Both Strategic M&E framework and Annual Plans are linked to resource mapping (of all anticipated financial and human resources) and to other plans (strategic-to-annual & from one level-to-next level); Approved - by the relevant federal/local government authority; and Comprehensive – covering all COWASH activities of all implementers Consistent - with the Strategic Planning & Management approach.
- ✓ COWASH Plan means that all major COWASH activities of all implementing agencies, at each level, are included in one composite plan. The COWASH Plan which is built by the woreda, ,zone ,regional and federal COWASH.

3.2.1 Strategic Monitoring and Evaluation Framework of COWASH

In the water and sanitation sector, the global policy direction is formulated in the 2030 Agenda for Sustainable Development, which includes, inter alia, the targets for rural WASH as SDG 6.1 and 6.2. The Finnish development policy is based on the 2030 Agenda for Sustainable Development. GoE has undertaken several strategic steps in the WASH sector and accomplished key milestones that lay the foundation for the achievement of the SDGs.

Strategic Monitoring and Evaluation Framework as it includes all the indicators, way of monitoring and targets set. In addition to this COWASH is conducting baseline and end line survey to assess the impacts, outcomes and outputs achieved. The designed result frame work consists:

- ✓ Impact

- ✓ Results
- ✓ Indicators aligned with CWA & SDG
- ✓ Baseline
- ✓ Target
- ✓ Means of Verification
- ✓ Assumption

3.2.2 Annual Plans

Once WaSH Strategic Plans are finalized, the next step is to prepare Annual COWASH Plans and budgets at each level. Annual COWASH Plans show how the broader objectives, priorities and targets of the Strategic Plans are translated into practical activities and detailed budgets. Annual COWASH Plans are operational. Developing annual plans requires consultation at every level with major stakeholders including relevant government institutions, at the woreda and Kebele levels, with the community. COWASH annual planning is done in two stages:

- ✓ Core Planning establishes annual targets/outputs and COWASH budget ceilings; thus,it will be help to get GoF funds early starting of the fiscal year to complete the implementation with in project period.
- ✓ Annual Work Planning for next year prepares in the current year (December to February) which adds the specifics - activities, assignments, schedules and proposed expenditures from all sources.

COWASH implementing agencies draft Core Plans (physical and financial) using a common format provided by the Federal technical assistance team (FTAT) which is under MoWIE. When approved, the Core Plans serve as the basis for building detailed Annual COWASH Work Plans – again, using a common format approved COWASH annual work plans are subsequently built into the Development Plans at each administrative level.

3.3 Budget process and budgetary control

3.3.1 Budget Preparation

The Program Budgeting takes place following the GoE budgeting regulations, procedures and budget calendar as designed by MoF. Sector ministry and Regional Sector Bureaus will be responsible for preparation and requesting COWASH Budget based on forms and procedures designed by MoF. It is based on a comprehensive resource mapping of all resources available to COWASH at the given level, i.e., federal, regional, zonal or woreda. The basis for annual COWASH budget is based on approved annual plan, prepared at each level according to a common planning format provided by the FTAT.

Budgeting is structured around a two ways process:

- ✓ A downstream process from the federal level down to the regions and then to the woredas

- ✓ An upstream process starting at the Woredas and moving upwards to the woredas then to the regions and the federal level.

Each Regional sectoral bureau will collect all the budget requests from each Woreda and consolidate them based on the approved work plan and submit to the Federal technical assistance team.

Each Implementing Agency (region and woreda sectors) is required to prepare a work plan, along with a related budget for each budget year, and send it to FTAT for review, approval and consolidation. FTAT will prepare a consolidated budget Ceiling and notify MoWIE to include in their annual budget and submit this to MoF for approval. Fund transfers by MoF will be based on approved work plan and budget.

Accordingly, the following steps shall be followed for the annual budget process, at all levels of government.

3.3.1.1 Budgeting at Federal Level

The budgeting process begins with the announcement of MoF in coordination with FTAT (MoWIE) to regional COWASH sector bureaus.

- ✓ Based on the allocated budget and the approved annual COWASH plan the regional sectors will identify the budget requirement and submit to FTAT and COWASH activities and submit to the NWSC. In addition, the NWSC through FTAT will coordinate the budget preparation process;
- ✓ The NWSC through the FTAT will endorse region WASH targets for the fiscal year. MoF and FTAT (MoWIE) will also provide the Regions with revised COWASH budget. The FTAT (MoWIE) will guide regions and sector ministry on strategic issues and will receive the final work plans and budget from all. The FTAT will consolidate the final budgets (that includes federal and regional level budgets) and will have them approved by the NWSC;
- ✓ The FTAT through the MoWIE notifies annual plan and budget to Finland embassy and regional implementers;
- ✓ After getting No Objection the approved annual plan and budget will be sent to MoF and regional implementing agencies by FTAT (MoWIE).

3.3.1.2 Budgeting at Regional Level

- ✓ The NWSC through the FTAT will endorse regions' the WASH targets for the fiscal year with allocated COWASH budget.
- ✓ In allocation of Regional WASH funds to the woredas, the RWSC can follow the policy of 30% for hygiene and sanitation and 70% for water as part of one WASH program, but the actual annual budget at woreda level will be defined based on the needs and demands of the citizen in the rural and institutional WASH annual planning stage;

- ✓ Regional support unit (RSU) under regional water bureaus will prepare regional consolidated annual COWASH plan based on the regional targets set in the Monitoring and Evaluation Framework for COWASH IV. This will be the basis for the budgeting process. They will consolidate the regional plans based on aggregated regional bureau plans. The RSU will have the budgets approved by the RWSC;
- ✓ The regional sector bureaus' budget will be included into the consolidated COWASH regional annual plan and BoF will transfer the budget to the regional bureaus as per the plan approved by the RWSC.
- ✓ RSU's budget will be allocated in the Regional Water Bureau.

3.3.1.3 Budgeting at Zone and Woreda Levels

- ✓ ZWT and WWT will prepare annual COWASH plans based on a clear and transparent need-based planning criteria that prioritize areas of great interest which will eventually be approved by the Zone/Woreda Council;
- ✓ The basis for annual COWASH plans is the Zone/woreda WASH targets from the region and the available financial resources;
- ✓ Zone/Woreda sector offices will prepare their COWASH annual budget based on the budget ceilings provided in the approved annual Regional Core Plan. These budget ceilings and the planning formats will be submitted to the Zones and Woredas for detailed planning by the RSU.
- ✓ The sector office budgets described in detail in the Zone/Woreda annual plans will be submitted to ZoFED/WoFED. The ZWT/WWT will coordinate the budget preparation process;

ZoFWD/WoFED, with its recommendation submits COWASH annual budget plan for approval by Zone/Woreda Council.

3.4 Budget Procedures for COWASH Program

The following are the procedures for developing the Annual Work Plan and Budget for the program:

- ✓ The Annual Work Plan and Budget preparation and submission date will follow the government budget calendar and the timelines; indicated under budget calendar section below;
- ✓ The program budget preparation will follow the government budget preparation schedule. The budget approval process for COWASH budget will also follow existing government regulation. The NWSC for COWASH has already approved total GoF and Regional Government budget allocations for Phase IV. Regions will prepare their annual plans

based on this 4-year approved budgets ceilings. Annual plans will be approved by the NWSC.

- ✓ The budget code given for COWASH shall remain unchanged throughout the Program life. The annual COWASH budget can be included in the Federal Government's annual budget for each fiscal year;
- ✓ The annual Federal and Regional budget of the GoF contribution and regional contributions should be broken down into quarters to enable the preparation of Interim Financial Reports;
- ✓ Dissemination of the approved annual budget of GoF contribution will be made by MoF to Federal Ministries (in COWASH case to MoF and MoWIE only) and Regions before the start of the fiscal year for which the budget relates to. At the Regions the approved annual budget of GoF and Regional Contributions will be made by BoFED to regional sectoral Bureaus and WoFEDs, ZoFEDs before the start of the year as well;
- ✓ The Budget Proclamations would list the COWASH GoF-budget as a special purpose grant as distinguished from the general block grant – so that these funds can only be used for the purpose of the program.
- ✓ The program funds (the COWASH budget) would be passed on from MoF to Regions and from Regions to Sector Bureaus, Zones and Woredas as a non-offsetting grant (to ensure that these are treated as additional resources);
- ✓ In order to achieve targets, set out in the Program Appraisal Document, it will be necessary for COWASH to identify and cost the inputs required to achieve deliverables. Some of the inputs will recur every year, and should be categorized according to the Program document. The category includes the following and the detail accounts code will be presented in the coming sections:

  - Goods
  - Works
  - Consultancy Services
  - Non-consulting service
  - Training and workshop, and
  - Operating Costs including M&E and capacity building;

3.4.1 Budget Categories

The COWASH IV Government of Finland budget has mainly 4 budget categories at the region level as per the Program Document: 1) Investments (i) Community WASH, ii) Institution WASH, iii) Innovation funds for Construction) and 2) Capacity building (human and physical), 3) Operational costs (mainly RSU costs) and 4) Contingencies. At Federal level there is budget category for MoF costs and MoWIE costs. The Technical Assistance budget is not part of this Manual.

Investment budget category and innovations from the Regional Government budget source is not part of this manual. Community WASH is not financed from the GoF source.

A. The GoF budget categories at the region level are the following and are part of this manual:

i. Investments

- ***Institutional WASH:*** This category will support provision of safe water supply to schools and health institutions which do not have water supply but have improved latrines.

ii. Capacity building

- **Human capacity development** at community, woreda, zonal and regional levels (trainings and workshops);
- **Physical capacity development** such as replacement of vehicles for regional level/ RSUs and office equipment and water quality testing equipment on all levels, special construction equipment and tools such as molds, chain blocks, pipe wrenches, etc. at woreda level.

iii. ***Operational costs*** *mainly the salaries and other operational costs of the RSU*

iv. Contingency: This is reserved to use for emergency and to share to the regions based on their performance as per the criteria designed in the program.

B. The GoF budget categories at the federal level are the following and are part of this manual:

i. Support to MoF. This budget category is covering the MoF costs related to Financial Management and administration of the GoF funds

ii. Support to MoWIE: This category includes mainly MoWIE travelling and other management costs in COWASH overview

Table 1: Estimated cost of the program by cost categories (only the GoF finance) governed under this Manual

No.	Cost categories	Total Estimated Cost (million EURO)
REGION LEVEL		
1	Investments	
	Institutional WASH	2.0
2	Capacity building (human and physical)	10.134
3	Operational	0.8
4	Contingency	0.92
TOTAL AT REGION LEVEL		13.454
FEDERAL LEVEL		
1	MoF	0.25
2	MoWIE	0.1
TOTAL AT FEDERAL LEVEL		0.35

No.	Cost categories	Total Estimated Cost (million EURO)
GRAND TOTAL		14.204

Table 2: COWASH budget structure

Budgetary Category	Description	Code
Public Body	MoWIE	221
Program	COWASH	03
Sub Agency	Region	00
	Tigary	01
	Amhara	02
	Oromia	03
	Benishangul Gumuz	04
	SNNPR	05
	Sidama	06
	SWEPR	07
Sub Program	Cost Category	
	Investment	01
	Capacity Building	02
	Operation Cost	03
	Contingency	04
Projects	Sector Bureaus/Zones/Woredas	001

3.4.2 Budget Calendar for Core Planning

The WASH Core planning cycle follows the Ethiopian Government Financial Year which begins in July 8 and ends in July 7. The Core Planning occurs before the new Financial Year in order to release funds in early July.

3.4.3 Budget Revision

a) Budget revisions are made in the following manner:

- ✓ Revisions to the country level
- ✓ Revisions to the region allocation
- ✓ Revisions in the regional budgets in general
- ✓ Revisions in the result areas (components)at regional level
- ✓ Revisions to the budget at zone and woreda levels

b) At the time of budget revision there are roles and responsibility in making revisions

- ✓ At federal level, revisions are made if one region could not utilize the allocated fund due to many reasons with consent of that region then it can be made by National Steering Committee and FTAT/MoWIE/ notify to MoF and respected region.
- ✓ At regional level, budget revision among result area/component/and in general can be made within regional sector bureaus, zones and woredas by Regional Steering Committee and then RSU /BoW/ notify to FTAT/MoWIE/and MoF.

c) Such budget revisions should not hamper the planned activities of each result area/component.

d) The main principle is that current expenditure should not exceed the approved annual budget. If there is additional budget both governments (GoF & GoE) need to be signed bilateral agreement.

3.4.4 Budget Control

a) The purpose of budget control is to ensure expenditures are incurred only if there is an available budget and also actual expenditures does not exceed budgeted expenditure;

b) The budget should pass through different ladder for approval. Moreover, there might be additions and reductions to the already approved budget, on due courses of operations. The control process should ensure records are updated for all variables affecting the balance of the budgets. Budget control is achieved through a combination of commitment accounting and expenditure approvals. All engaged in the budget execution process are responsible for ensuring that all spendings are in accordance with the budget;

c) Provision is made in the COWASH structure for each implementer to have their own accounting staff to administer COWASH funds on a permanent and/or contractual basis at MoF, BoFED, ZOFED and WoFED. They are responsible for financial reporting using IFMIS (at federal level) and IBEX (at region, zone and woreda level); the WASH stake holders will be primarily responsible for monitoring COWASH implementation and provision of guidance to implementers;

d) MoF, BoFEDs, ZoFED and WoFED are responsible for recording, maintaining and controlling COWASH budgets at the federal, regional, zonal and woreda levels respectively. MoF/BoFED ensures that sufficiently trained personnel are in place to handle the financial management requirements at each level;

e) Implementing entities (region, zone and woreda) receiving resources are also responsible for budget discipline and control to ensure that activities are primarily budgeted and expended as well as reported;

f) Budget control is exercised to ensure that COWASH funds are being spent as planned with respect to categories, cost, timeliness and value for money. Primary responsibility for budget control in COWASH is with the COWASH accountants. However, each manager will review, on a monthly basis, the financial reports prepared by the accountants and take

whatever action may be required to ensure effective budget control. The main tools will be budget codes, ledger card and budget tracking;

g) Budgetary control consists of (a) establishment of budgets for each functional responsibility, identifying income to be achieved and expenditure to be incurred in order to meet the agreed objectives of COWASH (b) continuous comparison of actual with budgeted results, and (c) action resulting from this comparison, either to ensure adherence to the defined objectives or to agree on some modification of the original plan;

h) As explained above, the Program budget should pass through different ladders for approval. Moreover, there may be additions or reductions to the already approved budget during the course of the operations. The control process should ensure that records are updated for all variables affecting the balance of the budgets;

i) The annual budget should be broken up into quarterly budget to facilitate preparation of quarterly Interim Financial Report (IFR). The finance unit in each implementer which receiving funds for program implementation will be responsible for preparing monthly budgetary control statements comparing actual with budgeted results and ensuring that explanations are obtained from the responsible officer on the variances. Heads of the respective implementer is responsible for examining the control statements and providing appropriate remedial action;

j) To sum up, budget control will be at: (a) transaction level where accountants check for availability of budget before payment is approved - this is at the payment process and it is here that chart of accounts mapped to budgets help to identify activities, (b) at system level – when recorded in the accounting system (IBEX or manual) or off the system there should be continuous checking of budget and actual (budget codes, budget cards and commitment controls are part of this) and finally, (c) through reports to internal and external stakeholders (IFRs, management reports, reports to users) all should be able to report on budget utilization including variances and analysis of variance and explanations there of which should be leading to actions to take mid-way correction to the budget or performance or both.

3.4.5 Budget Codes

a) In the government accounting system, the coding system starts from budgeting. In the process of budget preparation, all the recipients of the fund from MoF are identified with specific budget code. That code is basic to understand how much budget is allocated to a public body for the budget year;
b) Transfer to the public body shall be made under the code identified in the budget proclamation and the recipient of the budget is responsible to account for the budget it has received. The institution code for budget and the expenditure shall be the same for a recipient. Using that code, it is possible to produce a report for the transfer, expenditures and the fund balance of a recipient;

c) The budget code presented on Table 6 shall remain the same throughout the life of the program, as change of codes from year to year shall hinder preparation of reports consistently in addition to problems in consolidation, analysis and comparisons.

3.4.6 Budget/ Expenditure Subsidiary Ledger Cards

a) Budget ledger card should be maintained for each item of expenditure with approved. The Budget /Expenditure Subsidiary Ledger Card serve two purposes:
   i. Maintains the adjusted budget and commitments against the budget, and
   ii. Maintains a record of total expenditure by item of expenditure for each Budgetary Institutions by source.

b) Described below is the purpose and process for completing the budget function of the Budget/Expenditure Subsidiary Ledger Card. The purpose for the budget function of the Budget/Expenditure Subsidiary Ledger Card is to maintain a continuous and updated record for each budgeted item of expenditure by each implementer and source of finance with respect to:
   iii. The approved budget is the detailed breakdown of the appropriate budget by sector project and source of finance;
   iv. The approved budget for each expenditure item shall be posted to the budget ledger cards that will be maintained by the accountants. Approval of the accountants shall be obtained before the accounts section makes any payment.

c) Additions/Reductions to the Approved Budget - during the year, the approved budget may be revised in two ways:
   v. Budget supplement. A budget supplement is an additional appropriated budget.
   vi. Budget transfers, when the addition is made to the budget of one sector and the reduction is made to the budget of another sector and changes, when transfers of budgeted expenditure are made from one item of expenditure to another within one sector

d) Adjusted Budget means the appropriated budget adjusted for additions to and/or reductions from the appropriated budget. The adjusted budget is the benchmark for budget control, as an item of expenditure must not exceed its adjusted budget;

e) Commitment is a way of marking off part of the budget that has not yet been spent but that is obligated for a specified expenditure:
   vii. A sectorial budget enters into contracts or issue purchase orders. These obligations to spend money are commitments, that is, before the good or service is ordered and before the payment is actually made, the amount of the purchase order is subtracted from the approved budget;
   viii. A commitment is a tool that prevents overspending by identifying amount committed to pay for items that have been requested but not yet ordered and to determine the budget that is available for expenditure;
   ix. The commitment Balance is updated by adjustment to show budget that is not committed;

f) The accountants of the program shall extract the approved revised budget for each item of expenditure from the budget ledger card. Expenditure to date is also extracted from the

same ledger and put in the budget tracking report. Comparison is made between the two and a third column showing the budget balance. The budget balance shall be normal, under spent or over spent;

g) The accountant shall give comments on the budget balance in bullet points to give warnings to the budget users. The accountant shall agree the report by signing on the face of it. The report shall then be circulated to the procurement officer, the section that follows up the program and the head of the implementing agency on the basis of which they can take appropriate corrective action;

h) The preparation of budget tracking report is the responsibility of BoFEDs. The circulation of the report will be to the above-identified three officers of the implementing agencies.

i) Occasionally, a commitment may be cancelled/revised. In such cases, the change should be recorded in the budget expenditure subsidiary ledger card to amend the commitment and the uncommitted balance;

j) Every payment should be approved by the accountants before any kind of payment is effected by the account section. The accountants should only approve expenditure if payment request does not exceed the appropriate budget.

3.5 Fund flow Arrangement

a) COWASH resources will flow to federal and regional beneficiaries through the existing government fund flow arrangement. Under this arrangement, each administrative level, the finance directorate, control the release of funds and report upwards on their utilization;

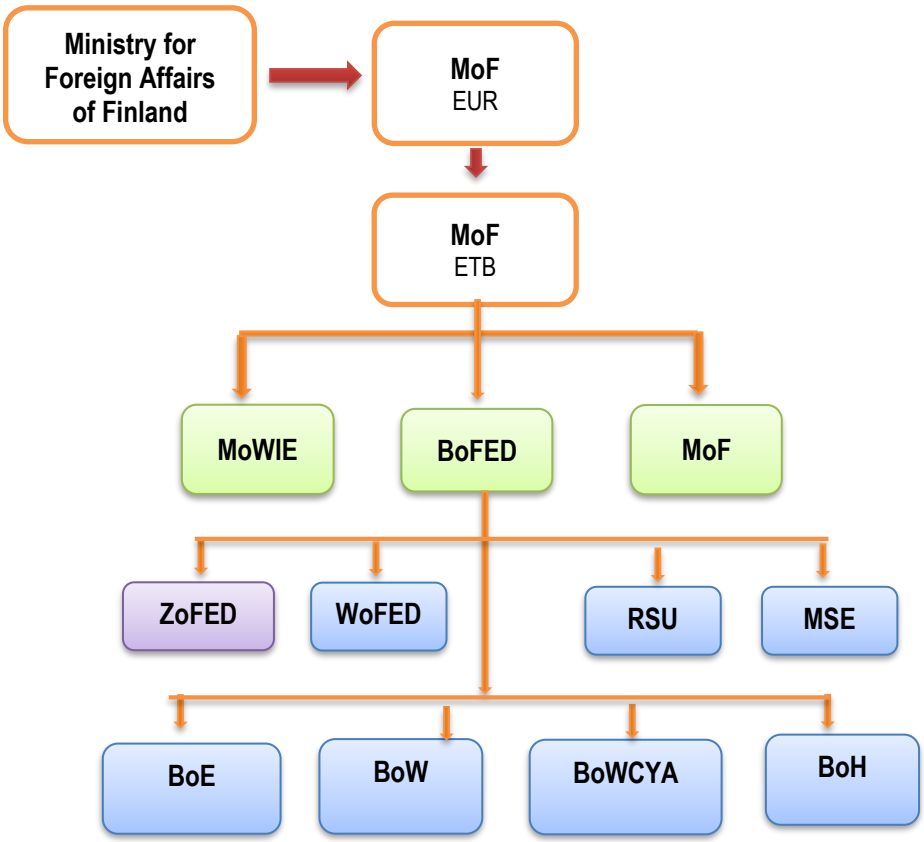
b) The MoWIE and implementing entities have a special role in formulating and supervising the Program budget, the disbursement and accounting functions remain with MoF, BoFEDs, ZoFED and WoFEDs. Funds will move from the COWASH IV Accounts and will be forwarded to the beneficiaries/ implementing entities, based on the budget approved by the COWASH Steering Committees at their respective levels and agreed disbursement plan;

c) As part of WaSH preparation, the Government of Ethiopia and Government of Finland would agree on the COWASH program to be undertaken, separately identifying activities to be financed by the Regional Governments and GoF as per annual work plans and budgets. Each quarterly Interim unaudited financial report will show the relative financing of the expenditures by COWASH contributing partner. The Government of Finland is approved advance. The fund flow arrangements would typically work as follows:

- ✓ Separate foreign currency Designated Account managed by MoF at the National Bank of Ethiopia on terms and conditions acceptable to Finland Government will be opened to receive resources from Finland Government;
- ✓ Resources will also be transferred from the designated account to COWASH ETB Account to be managed by MoF;

- ✓ MoF transfer funds to regions (BoFED) and to MoF and MoWIE according to agreed budgets, procurement plans, and work plans for COWASH as well as the rate of utilization;
- ✓ BoFED transfer resources to Woredas/WoFED, Zones and BoW, BoE, BoH, BoWCYA and BoMSE;
- ✓ The fund flow to each implementing entity will be according to Annual work plan and budget;
- ✓ Disbursement to designated account is on the basis of quarterly IFRs, annual plans and bilateral agreement between GoE & Finland Government;
- ✓ For fiduciary and safeguard procedures: (i) COWASH procurement guidelines shall apply. (ii) with regard to safeguards, the COWASH safeguard policies shall apply.

Figure 3: Fund Flow arrangement for COWASH Program



3.6 Disbursement arrangement

3.6.1 Government of Finland to MoF held COWASH Account

a) The Finland Government' initial deposits in to the program, specifically, to their respective program Foreign Currency Designated Accounts with National Bank of Ethiopia constituted their advances to the Program. The amount of initial advance from Finland Government will be based on the overall COWASH budget;
b) Subsequent disbursement from Finland Government will be deposited to the designated account based on the quarterly IFRs reviewed and approved by the FTAT/Finland Embassy;
c) While FTAT reviewing the IFRs, it will also evaluate the expenditure forecast for the next quarters to determine the amount of subsequent disbursement from Finland Gov't;
d) Upon receipt of replenishment from the Finland Government, MoF transfers funds to the Implementing Entities from ETB account as per their cash flow plans, work plans, utilization rates, etc. converting contributions into ETB from the Designated Accounts and transferring it

to the COWASH ETB Account managed by MoF. As stated above, MoF disburses funds to each implementing entities according to their respective annual work plan and budget as well as other factors like size of resources at hand, utilization rates, etc.;

e) As Disbursement to the designated account will be on the basis of report (IFR), the reports will include gross forecasts for 6 months and deducting ending balances will effectively avail a net resource sufficient to cover one quarter need.

On the basis of Q-1 IFR, MoF after 60 days of end of the quarter will forecast a gross requirement for 6 months (Q2 and Q3) and will deduct ending balances at Q1 to arrive at a net requirement. If the ending balance position exceeds the funds required for the fund request period, no transfer of fund need to be made from the Finland Government. The replenishment request for the period has to take into consideration the outstanding balance at the end of the reporting period. The FTAT will review the realism and soundness of the expenditure forecast against the procurement and physical plan, procurement processes and actual need for cash requirement of the program.

3.6.2 MoF to MoWIE and MoF to BoFEDs

a) MoF (and BoFEDs') disbursement of funds to the COWASH governmental implementing agencies follows the same pattern;
b) Each implementing agency of the program is required to open a separate new local Currency Account for the COWASH IV. Initially, each implementing agency received a 1st quarter and 2nd quarter advance based on its approved Annual Work Plan and Budget. At the end of 1st quarter, the agency prepared a report on expenditures together with, and a request for, replenishment to cover the amount budgeted for the 3rd quarter less the amount of unexpended funds from the 1st quarter. This "roll over" system means that implementing agencies always have in hand their budget for the upcoming two quarter;
c) Request/reports are vetted and approved at a higher level in each instance and consolidated into the Quarterly Report and Request for Replenishment presented by MoF to the FTAT
d) Zone and Woredas selected to receive COWASH funds will be agreed jointly by National WASH Steering Committee of COWASH IV;
e) Selecting the specific woredas is left for the regions and local governments as long it satisfies the criteria approved by the NWSC of COWASH IV.

3.7 Accounting and Recording Procedures

3.7.1 Basis of Accounting

A transaction is an economic event that affects the financial position of the government. The basis of accounting is the basic set of principles and rules employed by the accounting system to determine

when and how to record transaction. The cash basis of accounting is a basis of accounting that recognizes transactions and other events when cash is received or paid.

The accounting system at the Federal, Regional, Zone and Woreda level employs a modified cash basis of accounting. The modified cash basis of accounting means revenue is recognized when received and expenditure is recognized when incurred.

Cash basis of accounting will apply except for the following accounts:

a) Revenue and expenditure are recognized when aid in kind is received;
b) Expenditure is recognized:
   - ✓ When payroll is processed.
   - ✓ When goods are received or services are rendered.
   - ✓ At the end of the year when grace period is recognized.

c) Transactions resulting from salary withholdings, and profit tax withholding from suppliers are recognized in the absence of actual cash transaction;

All other revenues and expenditures are recognized as per cash basis of accounting.

3.7.2 Basis of Recording

a) The Financial Manual is designed to use manual recording system as an interim arrangement and assumes computerization will be applied;
b) A standalone IBEX accounting software for regional implementing entities and IFMIS software for federal implementing entities will be developed; all the necessary procedures issued and training to the program personnel will be conducted.

3.7.3 Transaction Sources

a) The accounting and financial management cycle of the FGE and therefore the COWASH passes the following process:
   - ➢ Budgeting expenditure
   - ➢ Preparation and coding of source documents or vouchers then
   - ➢ Journalizing entries to the transaction register,
   - ➢ Posting to control and subsidiary ledgers and finally
   - ➢ Preparation of financial statements and other reports.

b) Therefore, the bookkeeping cycle for COWASH starts when money is received in the special accounts and ends when report of expenditures is presented to the MoF and MoF is closing the accounts;

c) Each element of the above process will be discussed in the respective sections of the subsequent chapters. Summarized and tabulated below are the specific source documents and books of the account together with the required financial reports, as per the FGE manual.

Table 3: Source document, transactions and registration

<table>
<tr><th>Transactions and Source Documents</th><th>Book of Original Entry</th><th>Books of Final Entry</th><th>Financial Reports</th></tr>
<tr><td rowspan="3">Receipt Voucher (RV)
Payment voucher (PV)
Petty Cash Payment voucher (PV)
Journal voucher
Purchase Documents
Payroll</td><td rowspan="3">Transaction Register</td><td rowspan="2">General Ledger
Subsidiary Ledger</td><td></td></tr>
<tr><td rowspan="2">Expense</td></tr>
<tr><td>Budget Expenditure Ledger Cards</td></tr>
</table>

3.7.4 Transactions, Source Documents and books

Source documents are prepared to capture transactions as and when it occurs. Each element of the financial operation noted above and source documents together with the required internal control procedures are dealt with in different chapters.

3.7.5 Transaction Register/Book of Original Entry

a) The Transaction Register is maintained to ensure that all transactions are recorded in the accounting system and serves as a basis to post entries into the Ledgers. Journal entries are coded on each source documents. Each of the transactions and its reference are first recorded in the Transaction Register from the respective source documents;
b) All transactions of COWASH concluded by the implementing agency shall be recorded in the register from the source documents. There are three major types of transactions to be recorded in the Transaction Register.

Table 4: Transaction Register / Book of Original Entry

Source documents	Types of transaction	Involves/Specifics
Receipt Voucher	Cash receipts	• Collection of cash • Receipt of check • Receipt through Bank transfers
Payment voucher	Cash payment	• Cash payment • Payment in check • Transfer by Bank
Journal Voucher	None cash transactions, transfers & Aid in kind	Transactions not involving Cash receipts and payment vouchers

c) Each implementing entities shall maintain the standard transactions register. The register should be prepared in duplicate;
d) At Federal level, MoF shall also maintain transaction registers in addition to the standard register to deal with the special/designated bank accounts. One transaction register per special account shall be maintained. These transaction registers will be different from the local currency register in that they have additional column to fill in the foreign currency information.

3.7.6 General Ledger

a) General ledger is a group of accounts that is used as a second step in the process of recording and summarizing transactions;
b) The primary book of record is the transaction register and the general ledger is the second register. It is between the register and the financial reports and as such prepares information that goes into the reports. The ledger card shall be used without any modification in the form;
c) The COWASH General Ledger is organized in sequence of the account codes as follows, alike the Government account:
d) The balances of the General ledger would be the basis for financial reporting as proved by periodic trail balance.

Table 5: General Ledger

Account Category	Code Number	IFMIS
Revenue	1000	1000000
Assistance	2000	1311101
Asset accounts	4100	5000000
Liability accounts	5000 - 5499	6000000
Net Asset/Equity account	5601	7111101
Expenditure accounts	6000	2000000

3.7.7 Subsidiary Ledger

Control account balances may need detail in some cases. Subsidiary ledgers shall be maintained to provide that additional detail information. Accounts that need subsidiary ledger are the expenditure, receivable, inter implementing agencies accounts and payable.

3.7.8 Chart of Accounts

a) The FGE accounting system provides a Chart of Accounts, which is a system of coding government uses, to identify and classify financial entities and events. Without changing existing account codes of FGE chart of accounts, the chart below includes, some new account titles and code numbers to satisfy the requirement of COWASH operation. The purpose of this

chart of account is to enable users at all levels to capture and classify the funds received from donors for the programs and to reflect unique features of the Programme;

b) The Chart of Account that is recommended in this manual is sufficient to capture transactions in a way that enables the preparation of variety of financial statements for different users; most importantly the contributors of the funds. Under the Modified Cash Basis of accounting, the following accounts shall be used. MoF shall officially issue the final codes;

c) As explained in the introduction section of this manual, it should be noted that the chart of account is strictly prepared as per the Government accounts and considering the practice of the Federal, regional and Woreda accountant. It should be noted that separate ledger (group of account) should be maintained by every implementing entity for each component/sub component of expenditures in line with the budget and government chart of account code until a standalone IBEX and IFMIS system which incorporate component & sub-component of expenditures will be developed;

d) For the purpose of consolidation, the Regions, sector ministries, Zones and Woredas have to report following their budget structure.

Table 6: COWASH IV Program Chart of Account

Account Title	A/C Code	IFMIS A/C Code
ASSETS	4100	5000000
Cash on hand	4101	5211100
Cash at Bank – Euro (equivalent EUR) Special A/C -Finland	4202	
Cash at Bank COWASH ETB Account	4110	5212401
Cash at Bank - Implementing agencies	4110	
Debtors and Prepayments		
Cash shortage & overage	4202	5217302
Advance to Staff: - Travel	4211	5217101
Advance to Staff: -Purchases	4211	5217110
Advance to Regions/ Implementation Agencies	4208	5217107
Other advance within government	4210	5217109
Advance to Contractors	4251	5217201
Advance to consultants	4252	5217203
Advance to suppliers	4253	5217205
Other Receivables	4274	5217399
LIABILITIES	5000	6000000
Accounts Payable	5001	6172201
Sundry payables	5002	6171101
Accrued Payables	5001	6172201
Due to Staff	5021	6173101
Due to Regions	5026	6173106
Salary Payable	5004	6172103
Retention	5061	6175101
Transfers and Payables		

Account Title	A/C Code	IFMIS A/C Code
Due to MoF	5027	6173107
Other payable within the government	5028	6173117
Transfers, MoF to MoWIE	4006	4111106
Transfers, MoF to BoFED	4006	4111106
Transfers, BoFED to ZoFED	4011	4111109
Transfers, BoFED to WoFED	4011	4111109
Transfers, BoFED to BWR	4004	
Transfers, BoFED to Women Affairs Bureau	4004	
Transfers, BoFED to MSE Bureau	4004	
Transfers from BoFED to RSU	4004	
NET ASSETS EQUITY	5601	7111101
REVENUE EXTERNAL ASSISTANCE	2009-2999	
FINLAND	2510	2261
Expenditures	6000-6999	6000-6999
PERSONNEL SERVICES	6100	2110000
Emoluments	*6110*	*2111100*
Wages to contract staff	6113	2111103
Wages to casual staff	6114	2111104
Wages to external contract staff	6115	2111105
Miscellaneous payments to staff	6116	2111106
Pension contribution to contract Staff	6133	
Allowances/benefits	*6120*	*2111200*
Allowances to contract staff	6123	2111203
Allowances to external contract staff	6124	2111204
GOODS AND SERVICES	6200	*6200*
Goods and supplies	*6210-20*	*2200000*
Uniforms, clothing, bedding	6211	2211101
Office supplies	6212	2211102
Printing	6213	2211103
Fuel and lubricants	6217	2211107
Other material and supplies	6218	2211108
Miscellaneous equipment	6219	2211109
Research and development supplies	6223	2211112

Account Title	A/C Code	IFMIS A/C Code
Traveling and official entertainment	6230	2220000
Per diem	6231	2221101
Transport fees	6232	2221102
Maintenance and repair	6240	2230000
Maintenance and repair of vehicles and other transports	6241	2231107
Maintenance and repair of plant, machinery and equipment	6243	2231101
Maintenance and repair of building, furnishing and fixtures	6244	2231102
Maintenance and repair of infrastructure	6245	2231105
Contracted services	6250	2240000
Contracted professional services (Audit cost and others services report on this expenditure code)	6251	2241101
Rent	6252	2241102
Advertising	6253	2241103
Insurance	6254	2241104
Freight	6255	2241105
Fees and charges	6256	2241106
Electricity charges	6257	2241107
Telecommunication charges	6258	2241108
Water and other utilities	6259	2241109
Training services	6270	2250000
Local training	6271	2251101
External training	6272	2251102
FIXED ASSETS AND CONSTRUCTION	6300	2300000
Fixed assets	*6310*	*2311100*
Purchase of vehicles and other vehicles transport	6311	2311108
Purchase of plant, machinery and equipment	6313	2311101
Purchase of buildings, furnishings and fixtures	6314	2311102
Construction	6320	2311200
Pre-construction activities	6321	2311201
Construction of infrastructure	6324	2311208
Construction Control	6326	2311206
OTHER PAYMENTS	6400	2500000
Miscellaneous payments	6419	2821107

Note

The above account numbers are for control accounts, the subsidiary ledgers are managed following the government's procedures.

Table 7: Input Cost by Major Category

Expenditure Categories	Item Codes	Description
Works/ Construction	6321,6323,6324,6326, 6310	Pre-Construction activities, Construction of building-non- residential, Construction of infrastructure and Construction control.
Goods	6311,6313,6314	Purchase of vehicles and other vehicles transport, Purchase of plant, machinery and equipment, Purchase of buildings furnishings and fixtures
Consultancy Services	6251	Contracted professional services
Training and Capacity building	6271 and 6272	Local and External training.
Operational cost	6110,6116,6120,6133,6123, ,6212, 6213, 6217, 6218, 6219, 6223, 6231,6232, 6240, 6419	Emoluments excluding external contract staff Allowance/benefit to contract staff, office supplies, Traveling and Official entertainment, per dime, Maintenance and repair and contracted services excluding professional services and other miscellaneous payments.

3.7.9 Government contribution

COWASH IV program is financed by Finland Government and the Regional Governments of Ethiopia. This FM Manual focuses on Finland Government financing. The Regional Government contributions through regional Government financial performance will be reported separately to FTAT. The financial reporting formats of the GoF contribution are shown in Annex of this manual.

3.7.10 Community Contribution

COWASH IV program follows community managed project approach and Community groups make an important contribution to the development of the country. Involving people in COWASH is central to the Program's overall vision. In doing so, many of these groups work in some form of partnership with the Program. Community could contribute to the program in kind and cash 15-20% of the investment cost towards water supply system construction.

This Financial Manual focuses only on the Government of Finland contribution. The community contribution together with the Regional Government contribution will be reported to the FTAT separately and added to the final compiled report by the FTAT.

4. Cash receipt and payment procedures

4.1 Internal Control over Cash Receipt

a) All cash receipt should be evidenced by Cash Receipt Voucher (CRV) as per format Annexed, in strict numerical sequence. The account code for receipt of funds shall be written on the face of the cash receipts;

b) Cashier should have no role in the preparations of, or access to, the accounting records other than those related directly to cash. The cashiers' records should be subject to regular independent verification;

c) Cheques received should be deposited on separate deposit slips made available from the banks, each deposit slip being referenced to the receipt to which it relates;

d) The cashiers should use secured cash safes to keep money;

e) The unused CRV pads must be kept in safe custody by a responsible official who is not involved in the handling of cash;

f) Such documents must be issued to the cashier in strict numerical sequence and the number of pads in the hands of the cashiers restricted to their immediate requirements;

g) New pads should only be issued against return of the completed ones, which should be carefully scrutinized by the issuing official for apparent correctness, i.e., there have been no alteration or erasures;

h) Registers of unused receipts should be maintained by the custodian who should be subject to periodic surprise verification by accountant or auditor;

i) The cashier's record should be in such a way that all receipts are recorded in numerical sequence so that any omission can easily be spotted;

j) The deposit of each day collections should be recorded separately so that the resultant nil balance proves that all cash received has been deposited;

k) The cashier's records should be independently checked every day and particular attention made to the integrity of the numerical sequences of the prime documents which should be carefully scrutinized for-evidence of alternation or erasure.

4.2 Distribution & Completion of Cash Receipt Voucher

The receipt Voucher is prepared in three copies and distributed as follows:

1. Original to the payer as acknowledgment of the cash receipt;
2. Second copy to the accounts;
3. Third copy is retained in the pad.

4.3 Recording Cash Receipts

a) All entries in to the General Ledger are recorded from the coded Cash Receipt Vouchers. Source documents (e.g., Cash Receipt Vouchers), are prepared at the time of a transaction occurs to capture the transaction. Supporting documents are CRV, credit advice, deposit slips and other relevant documents as necessary;

b) The entry passed to record the transfer of fund from Finland Government to MoF is as follows:

Entry to record collection from Finland Government

Account Description	IBEX Code	IFMIS Code	Debit	Credit
Designated Bank Account No.	*4102*	*5211100*	*XXXX*	
Source of Fund	*2261*	*2510*		*XXXX*

c) This is recorded in Journal Voucher that accompanies credit advises from the bank. Supporting documents are withdrawal application, bank credit advice and copy of electronics transfer from donor.

d) The entry passed to record the transfer of fund from Finland EUR designated bank account to ETB Account is:

Entry to record Transfer from Designated Account to ETB Account

Account Description	IBEX Code	IFMIS Code	Debit	Credit
Cash at Bank –COWASH ETB Account	4110	*5212401*	*XXXX*	
Cash at Bank -Designated Bank Account	4102	*5211100*		*XXXX*

4.4 Calculating and Recording Foreign Currency Exchange Gains or Losses

a) At the end of the reporting period, the Cash at Bank in Foreign Currency ledger contains an ending balance for cash in ETB of the Foreign Currency. However, the ending balance of the foreign currency account in ETB may not be equal to the ETB equivalent of ending foreign currency balance, using end of the reporting period exchange rates. The difference is attributable to changes in the exchange rate during the reporting period and represents an exchange gain or loss;

b) At the end of the reporting period, the foreign exchange gain or loss is calculated as follows:

1) Identify the ending balance of foreign currency on the “Cash at Bank in Foreign Currency” ledger card;

2) Undertake a bank reconciliation and make any necessary adjustments;

3) Obtain the exchange rate as of the end of the day for the period;
4) Multiply the reconciled ending balance in foreign currency as shown on the cash in bank in foreign currency ledger by the exchange rate;
5) Identify the ending balance in ETB on the cash in bank in foreign currency ledger;
6) If the amount from steps 4 and 5 are equal, there is no foreign currency gain or loss for the period. If the amount from step 4 is larger than the amount step 5, the difference is a foreign currency gain. If the amount from step 5 is larger than the amount step 4, the difference is a foreign currency loss.

The foreign exchange gain will be allocated to COWASH IV implementing regions based on the approved share of the regions. The "Cash at Bank" in foreign currency account is used to record the exchange gain or losses. No corresponding entry is made in the "Cash at Bank in local currency" account. All amounts are recorded in ETB only as follows:

Entry to Record Gain on Foreign Currency

Account Description	Account Code	Debit	Credit
Cash at Bank –Euro (equivalent EUR Account	4102	XXXX	
Gain/Loss on Foreign Currency	1486		XXXX

Entry to Record Loss on Foreign Currency

Account Description	Account Code	Debit	Credit
Gain/Loss on Foreign Currency	1486	XXXX	
Cash at Bank – Euro (EUR Equivalent) Account	4102		XXXX

No entry is passed on to the Cash at Bank – ETB Account

4.5 Disbursements

Payments may be effected in cash or through banks (in cheque or through bank transfer). Payment in cash may be effected from a petty cash fund, if it is below the banks' cheque payment threshold as per the Government cash management directives.

4.5.1 Bank Payments

The source documents to record cash paid by an accountant with cheque or bank transfer is the bank/cheque/ payment voucher. It is used to acknowledge and evidence of payment

The payment of cheque or bank transfer and serve as source document to record the transaction in IBEX/IFMIS accounts recording system.

The bank payment voucher is prepared in two copies

a) Original copy to the accountant to be attached with the evidence of the transaction that occurred

b) Second copy is retained in the pad as a file copy.

The accountant prepares the PV form as shown in table below:

Field	Description
Date	*Write the date payment*
Name of the Organization	*Write name of the organization*
Pay to	*Write the name suppliers or individual who received money*
Address	*Complete full address of the receiver*
Mode of payment	*Mark the mode payment by cash, Cheque, bank transfer, write also the Cheque no. Date and Ref. No. it is by bank transfer*
Purpose	*Write the shorter the purpose if payment in figure and words*
Account Code	*Write the correct accounting code*
Debit	*Write the amount in figure in debit column*
Credit	*Write the amount in figure in credit column*
Total	*Write the total amount in figure*
Budget approved by	*Write name & signature of person who approved the budget*
Prepared by	*Write the name and sign*
Checked by	*Name and signature of the accountant*
Authorized by	*Name & signature of person who authorized the payment*
Received by	*Name & Signature who received the voucher*

4.5.2 Policies and Procedures for Bank/Cheque Payments

The following procedures should be strictly adhered in respect of cheque payments:

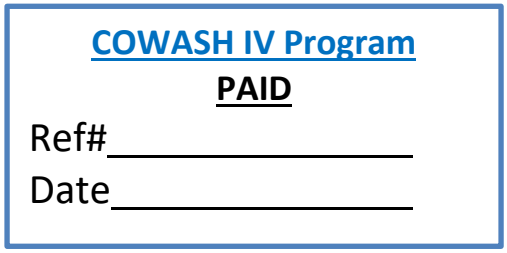
1. Separate designated bank accounts but one local currency account will be opened (which is the COWASH). Separate bank account should also be opened by every implementing entity of the Project. Bank accounts are operated by the dual signatories from the respective assigned signatories. To minimize the risk of indispensability, more than two signatories may be delegated as additional signatories in the absence of primary signatories;
2. Bank transfers shall be made in written instructions to bank against approved Payment Request;
3. The accountant prepares Bank Payment Voucher for payments made in cheque or Bank Transfer upon receipt of approved payment request. A requesting unit should fill out a Bank Payment Request Form and get the approval of the designated official –
4. All cheque payments shall be made via a Bank Payment Voucher and shall be duly authorized by the responsible officer;
5. All Bank payments should require dual signatories. The approval procedure and the authorization limits to approve Bank Payments shall be as per the delegation granted for approval by the steering committee.

4.5.3 Internal Control Procedures for Bank Payments

The following internal control shall apply:

1. Cheque books collected from bank by designated signatories or authorized personnel. The cheque leaves should be counted for completeness at the time of receipt. Any missing leaves are to be reported immediately to the bank for replacement;
2. Only one cheque book at a time is supposed to be issued to the accountant responsible for cheque preparation;
3. Cheque Payment Voucher is prepared based on the authorized payment requests. Availability of budget and completeness and validity of supporting documentation should be carried out before preparation and submission of the payment voucher and the cheques to the officials for signature;
4. Blank cheques should not be signed by any of the signatories;
5. Cheque stubs are to be completed with the date, name of payee, amount and initials of the authorized officials;
6. When there is an error in the preparation of a cheque, the cheque is cancelled by writing "CANCELLED" diagonally across the face of the cheque. The cancelled cheque is then retained in the cheque book stapled to the cheque stub;
7. Each cheque payment should be evidenced by cheque Payment Voucher. Payments to organizations, suppliers and contractors shall be supported with the required documents such as receipts, invoices, contracts, work completion certificates and goods or materials receipt reports;
8. In order to ensure that only the designated beneficiary can receive payment and fraudulent endorsement is not possible, cheques should preferably be made payable to a person company or enterprise and crossed A/C Payee only.
9. Bank accounts should be reconciled on a monthly basis against a bank book or cash at bank ledger.

Supporting documents for bank payment should be stamped with a "Paid Stamp". Paid stamp should be prepared in the name of COWASH IV program and it should contain Reference and Date. See figure below:



4.6 Petty Cash

4.6.1 Procedures for Maintaining Petty Cash Fund

a) Petty cash funds will be authorized and established, under the custody of a cashier, for those payments which are not expedient to be made by cheques. All small payments; as per the Government amended petty cash directive shall be paid out of the petty cash.

b) The Petty cash fund float size will be determined as per the Government petty cash directives;

c) Petty cash fund shall be replenished whenever the amount of the cash in safe reach a safety cash level as per the Government directives;

d) Petty cash payments should be evidenced by Cash Payment Vouchers. Cash Payment Vouchers should be prepared against approved Request for Payment form.

e) The cashier should maintain a Petty Cash Book;

f) Surprise and periodic cash count should be made on petty cash fund by the head of finance unit or designated officers and counts should be evidenced by a cash count certificate;

g) Proper cut-off procedures should be undertaken to ensure that all the source documents are accounted in the period they are applicable. As far as possible, no cash balance should be kept in the hands of cashiers at the end of the fiscal year. The counting team should sign at the back of the last voucher used for cash collection and for cash payments (RV and PV);

h) Cashiers should deposit year end cash on hand before the physical count commences and may withdraw (with approved payment procedures) in the following day (first day of the new fiscal year) if required.

4.6.2 Maintaining Petty Cash Book

a) The purpose of the petty cash book is to control and monitor the movement of the petty cash fund;
b) The source document to record the receipt of petty cash fund is a Bank Payment Voucher in which petty cash fund is established or replenished;
c) The source document to record payment from petty cash fund is the Cash Payment Voucher;
d) The payment vouchers are given to the accountant to reimburse the cashier with petty cash;
e) The cashier should fill the following under petty cash register:

Date:	Date the transaction occurred
Descriptions:	Short description about the nature of transaction
Cheque No:	Write the cheque number.
CPV:	Write the cash payment voucher number.

RV:	Write the receipt voucher number.
Balance:	Running balance
BBF:	Write the amount brought forward from previous page as beginning balance
BCO:	Write the amount carried over to the next page

4.6.3 Internal Control over Petty Cash

a) Conduct surprise cash count of petty cash; and evidence the count by a cash count certificate;

b) Ensure that a petty cash book is maintained, which shows the daily expenditures and the balance on hand;

c) Use a pre-numbered petty cash voucher;

d) Petty cashiers should not have role in signing cheques or approving payment vouchers or recording and/or posting functions;

e) Check that daily cash on hand reports are delivered by the petty cash custodian to the senior finance officer;

f) Supporting documents for petty cash payment should be stamped with a "***Paid Stamp***";

g) Paid stamp should be prepared in the name of COWASH IV program. The stamp should contain reference number and date.

4.6.4 Replenishment of Petty Cash Fund

To replenish to the extent of petty cash spent, the cashier surrenders all cash payments vouchers together with the attached supporting documents to the accountant after completing petty cash summary sheet.

4.6.5 Recording Petty Cash Fund

The respected official authorizes the establishment of petty cash fund, and the entry based on the authorization letter and Bank payment voucher will be:

Entry Based on the authorization letter and Bank payment voucher

Account Description	IBEX Account Code	IFMIS Account code	Debit	Credit
Petty Cash Fund	4101	5211100	XXXX	
Cash at Bank	4110	5212401		XXXX

The petty cash fund account will be debited and cash at bank will be credited for the amount of cash being replenished to the cashier. The replenishment is applied only to those payments evidenced with cash payment vouchers. The entry will be the same as above but for the amount replenishment documents are submitted and PV is prepared.

4.6.6 Recording of Cash Overage/Shortage

a) Cash Overage:

1. The one who is in charge of counting (accountant/internal auditor) should ensure that the cashier prepares a cash receipt voucher for the extra money found during the surprise count to evidence the overage;
2. The accountant shall prepare the following entry on the CRV.

Entry to record cash Overage

Account Description	IBEX Account Code	IFMIS Account Code	Debit	Credit
Cash on Hand	4101	5211100	XXXX	
Cash Shot/Overage	4202	5217302		XXXX

b) Cash Shortage:

Entry to record cash Shortage

Account Description	IBEX Account Code	IFMIS Account code	Debit	Credit
Cash Short/Overage	4102	5217302	XXXX	
Cash on Hand	4101	5211100		XXXX

Based on the decision of management, the above balance could be deducted from the payroll of the cashier. Alternatively, management might require the cashier to settle the lost money in cash, in which case coding will be done on RV.

4.7 Bank Reconciliation

a) From practice, it is understood that the balance per record of organization's book may not agree with the balance per bank statement. The most common causes for differences include:
   1. Deposits in transit, not shown in the bank statements
   2. Outstanding cheques not presented to the bank
   3. Deposits/payment not recorded on books
   4. Errors in recording either by the bank or by the implementing agency
   5. Interests/bank charges not accounted by book

b) Bank reconciliation should be prepared on a monthly basis in a week time from the end of the month concerned. Bank reconciliation should be made on a monthly basis even if there is no payment or deposit or transfer received during the month. The reconciliation will help us to correct book errors, and to identify bank errors and other fraudulent activities as early as possible before it is too late.

c) Documents required to prepare the bank reconciliation are:

1. Monthly bank statements received from the bank
2. General ledger, and
3. Bank reconciliation report of the previous month

d) Steps required in preparing bank reconciliation include:

1. Timely obtain monthly bank statements and make sure that items from the prior reconciliation are cleared on the statement by the bank when a bank statement is received
2. Compare the cheque payments, transfers and deposits listed on the bank statements against entries in the ledger. Put a mark on both the ledger and statements for the transactions which are available in the exact amount at the bank statement and ledger. Note errors, outstanding cheques and deposit in transit from the ledger, if any.
3. List other items on the bank statement but not recorded in the ledger.
4. List transactions (deposits and payments) shown in the bank statements but not in the ledger. If there is a cheque payment, shown in the statement but not in your ledger, the reasons may be:

   i. *You did not post the transaction into the ledger,*
   Action: *find the document and post it and update your ledger balance*
   ii. *There is error in posting the transaction*
   Action: Make correcting entry
   iii. *The cheque payment shown in the bank statement was not issued by program coordination unit (that is bank error)*
   Action: Notify the bank to make a correction
   iv. *Your cheque may be stolen and cheque payment is issued without the Knowledge of the accounts*
   Action: Notify the bank with "STOP PAYMENT ORDER" and follow-up seriously

e) If there are debit and credits related to bank transfers and bank charges, make sure that you have all the advices (tickets). If these advices are not available, ask the bank to give the copy of these advices to pass the necessary journal entry;

f) Banks do not often send advices for cost of cheque books. Make the appropriate entry by referring the bank statement;

g) Review and investigate outstanding cheques of the previous month if they are not still cleared in subsequent months. Make sure that these are not voided cheques but recorded into the ledger;

h) The following reconciliation items do not require journal entries. They usually include:

1. Deposits in transit: deposits received by the bank not recorded on the bank statement.
2. Bank errors: typical bank errors include transposition errors of cheque amounts or items recorded in error against the depositor's account
3. Outstanding cheques recorded in the accounting records that have not yet been paid by the date of the bank statement.

i) Items on the books of the COWASH IV program side of the bank reconciliation that require rectification and adjustment normally include:

1. A transposition error or error in addition on its deposit slips to the bank and error is recorded in the ledger. Errors require adjustment to the account balance
2. Service charges: Banks may not issue advices for cost of cheque book. Journalize the transaction by refereeing the statement.
3. Insufficient funds cheques: Cheques deposited by the project that are returned to the bank for insufficient funds. These are illegal in Ethiopia and strictly addressed as and when occurred.

j) Keys issues:
1. Any error by bank should be followed up for timely correction
2. It is important to make sure that payments regarded as outstanding cheque and deposits regarded as deposit in transit during reconciliation are really outstanding or deposit in transit. Duplicate posting or journalizing could cause a false outstanding cheque
3. To the extent possible, there should be no reconciling items as "Payments not recorded on book". The accountant should request immediately from bank for credit or debit advices. He should also make sure that the advices are related to the public body
4. Review un-presented cheques for over six months to determine whether or not these should be reversed to creditors. Bring the case for the management decision.

4.8 Payroll

Salaries are representing substantial amount expense paid in cash by the Program. Salaries for skilled and semi-skilled manpower-includes contract staffs of the project, and technical experts, whose monthly payment (payroll) is subject for tax deductions. The Directive, on salary of contract and temporary employees of development partner programmes/projects, issued by the Ministry of Finance on Hamle 26, 2013 Ethiopian Calendar፣ Ref No. የ. ተ. መ. 2\16\46 will be applicable.

4.8.1 Internal Controls

a) Records relating to staff shall be based on proper documents issued by an authorized official. Input records like engagement letters, increments etc. should be properly completed and authorized;

b) All changes made to earnings for individual staff members should be authorized and controlled;

c) Only eligible employees should be paid and the amount drawn for payment shall be reconciled by comparing it to the previous month's payroll;

d) Whenever it is feasible, especially when there is more than one accountant, the function of payroll preparation should be rotated among these accountants;

e) Payroll deductions are authorized, correctly accounted for and paid to the appropriate third parties;

f) Transactions related to salaries are accurately entered in the accounting record.

4.8.2 Personal Record

a) A Personnel record should be kept for each employee, containing particulars of such matters as engagement, retirement or dismissal, rates of pay, agreed deductions, specimen signature, photograph or other identification. Such documents should be kept separate from the accounts department;
b) The staff involved in the preparation of the payroll being notified of engagements, transfers, discharges and changes in rates of pay on properly authorized forms;
c) Entries in the personnel files should be authorized by someone not connected with the payroll preparation.

4.8.3 Review of Payrolls

a) Payroll sheets should be periodically reviewed and reconciled against official personnel records including employee's names, rates of pay, and deductions by an internal auditor and/or accountant who was not engaged in the preparation and effecting of payroll payments;

b) Payroll totals shall be reconciled from month to month and any changes verified with authorized changes to the official records.

4.8.4 Payroll Payment

a) Payroll should be paid against approved payroll sheet;

b) Only the net amount of cash required for payment of salaries shall be drawn from the bank;

c) Unclaimed salaries should be recorded immediately after the conclusion of payment and only issued subsequent to satisfactory proof of entitlements. Salaries unclaimed after a certain period shall be deposited to the bank.

4.8.5 Payroll Deductions

a) Statutory deductions should be carefully computed and should be included in the payroll to arrive at the calculations of net pay. They are automatic and mandatory (e.g. income tax etc.);

b) Payroll deductions; other than statutory deductions, should only be made in accordance with the employee's written approval maintained in his personnel record;

c) All deductions should be credited to separate accounts to assist in ensuring control over and accuracy of payments to third parties.

4.8.6 Accounting Records of Payroll

Entry to record a monthly payroll transaction

Account Description	*IBEX Account Code*	*IFMIS Account code*	*Debit*	*Credit*
Salary Expense	*6113*	*2111103*	*XXXX*	

Income tax	*5007*	*6172105*		*XXXX*
Other Deductions				*XXXX*
Cash at Bank	*4110*	*5212401*		*XXXX*

4.8.7 Recording of the Unclaimed Salary

Cash Receipt Voucher will be prepared for the total of the unclaimed salary and the following entry will be passed on the CRV:

Entry to record Unclaimed salary

Account Description	*IBEX Account Code*	*IFMIS Account code*	*Debit*	*Credit*
Cash on Hand	*4101*	*5211100*	*XXXX*	
Salary Payable	*5004*	*6172103*		*XXXX*

4.8.8 Settlement of Unclaimed Salary

Based on approved payment requests of employees, a cheque will be prepared for the total of the claimed net pay of employee and payment would be effected accordingly. The accountant shall make the following entry:

Entry to record Settlement of Unclaimed salary

Account Description	*IBEX Account Code*	*IFMIS Account code*	*Debit*	*Credit*
Salary Payable	*5004*	*6172103*	*XXXX*	
Cash at Bank	*4110*	*5212401*		*XXXX*

4.9 Special payments

4.9.1 Travel and per diem

a) Travels should basically be pre-planned;

b) Per Diem rates and other reimbursable expenses are computed in accordance with the prevailing Government rates or approved rate for the project.

4.9.2 When Travel Advance is Taken

a) When a travel advance is required, the traveler should fill the Travel Request and Approval Form, prepared in one copy and get the approval of his unit/department head.

b) The traveler then passes the approved form to accounts for budget checking and processing payment.

c) Earlier Travel advance must be cleared (settled) before another travel advance is given.

4.9.3 When Travel Advance Settled

a) Traveler should settle the per diem advance in three days from the date of return;

b) Traveler should complete and submits a Travel Report and Settlement Form within three days of returning from the travel. The settlement form has to be prepared by the traveler (finance may assist) in one copy, attaching allowable receipts for reimbursable expenses. The form has to be verified by head of the unit or department where the traveler belongs, checked by accountant and should be approved by the respective authority;

c) The assigned financial management expert has to check the validity of the supporting documents. Where any errors are found, the Travel Report and Settlement Form are returned to the traveler with a memo listing the errors;

d) If there is additional payment to be given to the traveler, the appropriate payment voucher will be prepared. If the traveler is supposed to refund for the excess advance, he/she will be informed to return the cash against a cash receipt.

4.9.4 Purchase Advance

a) Purchase advance may be provided to a purchaser in cash or in cheque in a situation where vendors are not known in advance;

b) The appropriate procurement documentations, including purchase requisition, purchase order, approved request for payment and others as applicable, need to be fulfilled before preparation of the payment voucher;

c) Purchase advances should be settled in 30 days' time from the date of receipt;

d) No purchase advance will be provided unless the purchaser settles the earlier advances;

e) All purchase advances should be settled immediately up on receiving the goods/service by providing the required invoice, GRN, purchase order, and evaluation minutes and Proforma invoices;

f) All purchase advances should be settled before closing date of Sene 30 (July 7) of each budget year.

4.9.5 Workshops, Seminars and Training

Payments to workshop and seminar participants will be done according to the following procedure:

a) Training TOR which contains purpose, duration and target group of the training should be approved by the appropriate official;

b) Attendance of all participants for each day has to be duly taken;

c) The number of stay on travel has to be confirmed by the mode of transport they have used and distance of the place they are coming from to the venue;

d) Confirmation letter of salary scale and that each participant has not taken any allowance from its work station has to be submitted;

e) Official and original receipt for transport payment in its clean form has to be submitted as a witness for the expense incurred for transportation;

f) All the above information may have to be attested by the focal person who organizes the event;

g) Payment sheet would be prepared based on the above information and approved by the respective officials who are delegated to authorize payments;

h) The number of participants signed on attendance sheet and payment sheet should be equal.

4.9.6 Journal Voucher

a) Journal Vouchers shall be used to capture transactions that do not result in payment or receipt of cash and serve as a source document to record in the ledger. Journal Vouchers should be supported by the necessary supporting documentation to be valid. Journal Vouchers must be approved before posting it to the ledger;

b) Not all transactions involve payment of cash or receipt of cash. Transactions that do not involve the movement of cash are:

1. Some receivable and payable transactions
2. Correction of incorrect entries already recorded in the ledger. For example, a payment might have been debited to a wrong expenditure account and need correction
3. Adjusting & Closing entries

c) The Journal Voucher shall be prepared in two copies. The first copy is the accounts copy and the second copy is retained in the pad.

The accountant should fill the following information on Journal Voucher:

Date:	Write the date journal voucher is prepared
Name of the Organization:	Write name of the organization
Purpose:	Write short purpose of the transactions
Budget Category:	Write the budget code of the public body
Account Code:	Write the correct account code
Debit:	Write the amount in figure in debit column
Credit:	Write the amount in figure in credit column
Prepared by:	Write the name and sign
Approved by:	Name and signature of the person who approved the Voucher

5. Fixed assets, Stock Management and Retaining of Documents

5.1 FIXED ASSETS

a) Similar to accounting of stock, the FGE accounting manual requires Fixed Assets ledger to be maintained under assets category. However, it is observed that the tradition of expensing these items, as and when purchase, is continued for varieties of reasons. Those reasons might still have a weight to handle this account.

b) As per the definition from the Government Owned Fixed Asset Management Manual, "Fixed Assets – means tangible asset costing ETB 1000 or more that is in operational use and has a useful economic life of more than one year. Fixed assets include the following among others. Furniture and fixtures, computers, heavy equipment, vehicles, ships and aircrafts, buildings, roads, sewers, bridges, irrigation systems, dam etc.

c) Procedures:

1) There shall be a register for the types of fixed assets the Programme would acquire from time to time. This register should be strictly maintained, in the absence of maintenance of fixed assets account. The register should be maintained at all implementation agencies
2) Periodic physical inventory of fixed assets should be conducted and the result should be compared with the register. Any identified difference should be communicated to management for decision and action
3) The register should have details such as; date of acquisition, the specifics of the asset, type, reference of goods receiving note, location, serial No. and identification no, cost and to the extent possible the account source document, to facilitate reconciliation to be made with the expense account
4) The accountant should extract his records and periodically reconcile with the master fixed assets register of the specific implementing agency. The internal auditor should perform the same at a surprise visit.

Table 8: Fixed Asset Register Format Other than Motor Vehicles

No.	Description of Asset or Properties	Name of Supplier	PV No. or GRR No.	Date of Purchase	Issue Voucher No	Serial No.	Asset ID No.	Total Value in ETB	Name of User	Remark

Table 9: Asset Register Format for Motor Vehicles

No.	Type of Vehicle	Name of Supplier	PV No. or GRR No.	Date of Purchase	Issue Voucher No	Plate No.	Engine & Chassis No.	Total Value ETB	Name of User	Remark

5.2 Stock Management

a) The FGE accounting manual requires stock accounts to be maintained as assets. However, according to the adopted accounting system of the Government stock balances are not recognized in the accounts as an asset;

b) Therefore, control procedures around memorandum records should be adequate and strictly followed;

c) Procedures:
   1) In and out of stock items must be evidenced by goods receiving note and goods issue note and a requisition for issue
   2) Maintain stock cards for receipts, issue and balances of stock items. The stock cards should be maintained for both quantity and value to the extent possible. The record keeping should be done by someone other than the store man
   3) Prepare stock taking instructions and programs periodically. Conduct physical count and compare with the card balance. Bring any variance to the management attention, decision and action. Consider accounting for adjustable events, if there are any
   4) Record cut off documents of stock issue and receipt vouchers as of the year end
   5) The counting team should sign on the count sheet
   6) Update stock records by the count
   7) Internal auditors should review adequacy of adherence to the control procedures
   8) Damaged items should be identified and adjustments should be done on the stock cards based on management decision
   9) Prepare summary report for monthly stock movements

5.3 RETAINING OF DOCUMENTS

a) According to recent Financial Documents Preservation Guideline of MoF, financial documents shall be preserved for ten years from the date they were created or up to two years after the audit by the Auditor General is completed, whichever comes last;

b) Documents refer to all the ledger cards, registers and supporting documents. The COWASH documents shall be kept separately and shall be filed in a way that makes referring to the documents very easy. The filing system should enable the auditors of COWASH and anyone who is authorized to check the documents of COWASH to easily and systematically trace the documents and information they are looking for;

c) Permanent financial files like financial management manual, FM rules & regulations, , Agreements, vouchers, personnel files etc… should be kept both in soft and hard copy that enables users to access easily;

d) Current and recent reports like IFRs, regional reports, correspondences on IFRs, checklist, budget amendments, variation, explanations, variance analysis should updated and filed properly to maintain smooth flow information for new comers.

6. Handing over procedures

Traditionally, handover procedure is limited to transfer of property and equipment by an outgoing or a transferred staff to an incoming staff or to warehouses. In channel one programs, various studies show that staff turnover seriously affected the project implementation. Hence, it is essential to ensure that the outgoing staff has transferred his/her wisdom, knowledge, status of activities and issues to the incoming staff.

6.1 Preparation of the handover report

a) Handover reports should be prepared by staff members who are about to leave their positions, either temporarily (illness, maternity leave etc.) or permanently, to assist their successor carry out their duties;

b) Handover report should be integrated in staff clearance process. The supervisor should indicate that they received a handover report from the leaving staff member during the checkout process;

c) The purpose of a handover note is to provide the new staff with key knowledge and information regarding the position so that the transition period is as short and smooth as possible and ensure continuity of operations;

d) In case of a temporary absence, particularly if the absence is longer than four weeks, it is strongly suggested that the staff member shall agree with his supervisor on whether a handover note should be written and how detailed it needs to be;

e) A staff member who was temporarily covering the functions due to a colleague's absence shall also write a handover note to ensure a smooth transition back;

f) Handover report shall be finalized during the week before the staff member leaves his/her position. If this is not possible, the staff member should send the handover note to his/her successor before departing and supplement the note with phone conversations or by email. If the successor has not yet been appointed, the staff member should leave a handover note with his/her supervisor.

6.2 Distribution of the Handover report

One copy of the handover report shall be submitted to the immediate supervisor and one copy should be filed to archive.

6.3 Additional documentation to be included in the handover report

The staff required to prepare handover report should also attach working and training manuals which he received in the past because of his position in the project. These include training manuals, procedure manuals and guidelines, software, Program document, FM Manual, working templates and formats.

Checklists for the content of the handover report

1) Name and job title of the outgoing staff (report writer)
2) Date of Handover report
3) Duration of Assignment (include start and end date)
4) Brief description of duties
5) Supervisor and reporting procedures
6) Regular/re-occurring meetings, reports or procedures
7) Key documents/reference material to read
8) Where to find files (hardcopy and electronic)
9) Calendar of major activities and/or events
10) Contacts (internal and external) suppliers, customers, donors, regional and federal offices etc.
11) Contact information of the leaving employee (phone, email, fax etc.).

Name	Organization	Phone	E-mail	comments

Year End Procedures

7.1 Cut-off Procedures

The following procedures are carried out prior to closure of accounts:

Table 10: Closing Procedures

Step	Description	Activity
1. Generate the Monthly report	Reconcile cash balance	1. Count cash in safe 2. Transfer all cash payment vouchers from the cashier to the accountant

Step	Description	Activity
	Reconcile bank balance	1. Obtain the bank statement as at 30 Sene. 2. Update the bank balance by passing entries for interest, bank charges, credit and debit advises in the General Ledger. 3. Reconcile the bank balance per statement to the balances per general ledger.
	Reconcile transfers	1. Obtain transfer details from source/destination reporting units 2. compare details with general ledger 3. Make necessary adjustments using journal voucher.
	Reconcile cash balance	4. Communicate balances to source/destination reporting units. 5. Ensure transfer account balances agree to balances per source/destination reporting units.
	Accrue for grace period payables (Payments from prior year's budges):	1. Identity amounts paid for in the month of Hamle (during the grace period) for goods/series received/rendered in the month of Sene 2. Use Journal vouchers to accrue for these.
	Reconcile receivables and payables general ledger balances to subsidiary ledger	1. For each general ledger account that has subsidiary ledgers, obtain the total of all the subsidiary ledger accounts. 2. Ensure that the total of the subsidiary ledger balances is equal to the general ledger balance and there are no differences. 3. If there is a difference, review the subsidiary ledger accounts and the general ledger account for omission and errors. 4. If the error/omission is in the general ledger, make a correction entry 5. If the error/omission is in the subsidiary ledger, make adjustments directly in the subsidiary ledger.
	Reconcile intra-governmental receivable and payables balances:	1. 1.The amount receivable/payable in the books of the reporting unit should be equal to the amount shown as payable/receivable in the books of the related reporting unit. 2. 2.obtain the balance per the other reporting unit 3. Compare the balance with General Ledger 4. Make necessary adjustments using journal voucher 5. Communicate balance to the reporting unit and ensure it makes necessary adjustments so that balances agree.
	Verify existence of irregular balances by generating an exceptional any reporting detailing	1. Debit balances in revenue accounts 2. 2.Credit balances in expenditure accounts 3. 3.Credit cash in hand and cash at bank balances 4. 4.Credit receivables balances 5. Debit payables balances
	Rectify balances at each step by passing correction entries Prepare the Sene Monthly report	

Step	Description	Activity
	Verify the Sene monthly report by reviewing each report for reasonableness and there is no cause for any investigation/follow up actions.	
2. Prepare Budget Vs Expenditure	✓ Verify that the budgetary institution exists by agreeing the BI code to the budget notification. ✓ Ensure the amount of the approved budget is accurate by agreeing the amount to the budget notification. ✓ Verify that all budget transfers have been recorded by comparing records with the approved project budget. ✓ Verify and resolve any unbalanced budget transfers. ✓ Record any omitted budget transfers. ✓ Verify that all budget supplements have been recorded by comparing records with the approved project budget. ✓ Record any omitted budget supplements. ✓ Prepare the budgets vs expenditure report ✓ Review the report for reasonableness. ✓ Review the report for over expenditures and investigate and resolve over expenditure. ✓ Explain in detail reasons for over and under spends including action taken and to be taken. ✓ Make adjustments to expenditure if there has been an error in posting to wrong expenditure account resulting in an over expenditure.	
3. Closing Entry	After the June monthly report for the fiscal year is accepted by MOF, prepare a JV using the June trail balance:	Debit: Revenue/Assistance/loan Credit: Expenditure Debit:: Transfers-using the credit amount in the trial balance (if any) Credit: Transfers-using the debit amount in the trail balance (if any) Debit/Credit: Net Asset/Equity account as debit or credit to make the entry balance.
	Record the above JV into the TR and only post the amount for Net Asset/Equity to the General Ledger. The other entries for revenue/assistance/loan, expenditure and transfers should not be posted to the General Ledger for manual users. Prepare the post-closing Trail Balance with the following accounts;	Debit Credit Cash in safe XXX Cash at Bank XXX Receivables XXX Payables XXX Net Assets/equity Debit or credit balance, as the case may be
	Carry forward balances in all permanent accounts to the next fiscal year by using new general ledger cards. The beginning balance (equal to last year's ending balance) is recorded on the new ledger card.	
	A new transaction register is opened every new fiscal year. Procedures at regional and federal levels are similar.	

Step	Description	Activity
4. Beginning of Year Proceure.	General Ledger	1. Based on the post-closing trail balance, a set of general and subsidiary ledger cards and sets of budget/expenditure subsidiary ledger cards should be prepared at the beginning of each fiscal year 2. As noted in procedures for closing entry above, the balances in permanent accounts carry forward to the next fiscal year by preparing new General Ledger cards. Therefore, the beginning Balances, which is equal to the last year's ending balance, should be recorded on the new ledger card, via opening journals voucher. 3. As expense and transfer accounts are closed there no issue of carry forward balances new ledger cards for temporary accounts should be prepared for the new fiscal year.
	Subsidiary Ledger Cards	1. New subsidiary ledger Cards will be opening for permanent accounts that have a carry forward balance 2. The carry forward balances shall be posted to the new subsidiary ledger cards as a beginning balance of the next fiscal year, which equal to last year is ending
	Budget/Expenditure Subsidiary Ledger Cards	1. Budget/expenditure subsidiary ledger cards are valid only for the budget Year to which they relate 2. When budget notification is received, budget/expenditure subsidiary ledger cards should be prepared for each item of expenditure for each budgetary institution. 3. The prior year's budget expenditure subsidiary ledger cards should be filed.

7.2 Financial reporting

7.2.1 Introduction

a) Financial Reporting include the internal financial reports to the management of the program and external financial reports to GoF (Embassy of Finland). The internal financial reports are both regular and ad hoc or upon request. The regular financial reports to management include monthly reports on the use of resources and status of budget utilization to the management of the implementing entity from the accountant of the project in the implementing entity. The main external report to Finland Government by the program is the quarterly Interim Financial Report (IFR) and annual financial reports;

b) Interim financial reports and annual financial reports will be prepared in accordance with the reporting formats for COWASH agreed with the Finland Government. The IFR is intended to provide information on whether or not funds disbursed to the Program are being used for the intended purpose, Program implementation is on track, and budgeted costs will not exceed limit;

c) Although every implementing entity that receive fund is accountable for reporting on implementation, MoF shall take the overall responsibility for the preparation of IFRs. Apart from its use for monitoring and follow-up Program implementation, the IFR shall be used for making disbursements for the Program. Hence, completeness and accuracy of

the IFR is of paramount importance in serving the intended purpose. The timely submission of quality financial reports is necessary to ensure that cash resources flow to the Program as required by the Annual Plan. Financial reports trigger the replenishment of the funds. Because of this, it is vital that WoFEDs, ZoFEDS, BoFEDs, and MoF including the other implementing entities work diligently to submit quality reports on time. If IFRs are not received on or before the due date and are of insufficient quality, disbursements from the GoF may be delayed to all regions, until reports of adequate quality are received;

d) Interim Financial reports will be prepared and submitted quarterly. To achieve these financial reports will be prepared by all implementing entities receiving funds at federal or regions or woredas. WoFED, ZoFED, BoFED and MoF will follow up with these entities to report. WoFED, ZoFED and other regional level implementing entities including sector Bureau reports to BoFED and BoFED and federal implementing entities including sector Ministries reports to MoF. MoF compiles and reports to GoF. The financial reporting at each level shall facilitate the distinction of budget utilization to the sources of the fund. For this purpose, financial plans will be prepared at each level indicating the source of finances. The financing plan then will be the basis for financial reporting and budget control;

e) Management information is required in order to control financial resources. Finland Government require monitoring based on internationally accepted accounting principles. Likewise, monitoring physical performance in relation to financial disbursement is important in order to establish the value for money. At the operational level, reporting is essential to facilitate routine activities of the Program;

f) The Program shall prepare and submit to DPs within 60 days after the end of each quarter Interim unaudited Financial Reports (IFRs) the format of which is annexed in this FM Manual. The following are the minimum statements that need to be included:

   1) Statement of Sources and Uses of Funds (for the quarter and cumulatively for the year-to-date and the Program)
   2) Statement of Uses of Funds by program Activity (Component) as well as by categories, including comparisons with budget and explanations for significant variances
   3) Statement of Designated Account Activity Statements
   4) Program Cash Forecast
   5) Notes/explanation on financial performance including budget utilization and variance analysis and
   6) Various schedules supporting the IFR including aging analysis, Special account reconciliation statement, regional or implementing entity's sources and use of fund, bank statement and bank reconciliation statement, statement of fund flow and cash movement for federal and regional implementing agencies, contracts subject to prior and post reviews including payments against contracts subject to prior review, etc.

g) Consistent to the Government reporting requirement, each of the implementing agencies shall prepare and submit the standard reports to either the BoFEDs or MoF on a monthly basis. These reports are mandatory reports required by the government, to be prepared and submitted by each of the implementing agencies following the government reporting

formats. However, the monthly report prepared at end of a quarter should include additional schedules that enable MoF to prepare IFR. Content of the monthly and additional schedules required for quarterly reporting including frequency and deadline for submission have been specified under table 11 below. These reports shall be consolidated and transformed into the Program's IFR formats at MoF, and they shall be used to prepare quarterly reports required to be submitted to the Finland Embassy and copy to FTAT at MoWIE;

h) Sector ministries, regional sector bureaus, Woredas, Zones, BoFEDs, MoF and other implementing entities of the project are expected to report as per the requirement specified under table 11, Financial Reporting Procedure;

i) The Program's annual financial statements would be prepared in respect of each accounting year (which is the Ethiopian fiscal year) for the purpose of providing information, including the source and use of funds during the year and financial position at the end of the year then ended. MoF shall be responsible for preparing the final accounts by consolidating the various financial reports received from BoFEDs and MoWIE. Thus, amounts shown in the final accounts shall equal the aggregate of amounts shown in the quarterly financial reports submitted to donors subject to adjustments. In case of variances between the IFRs and the audited report, there should be a justification and adjustment should be passed on accounts/reports as necessary.

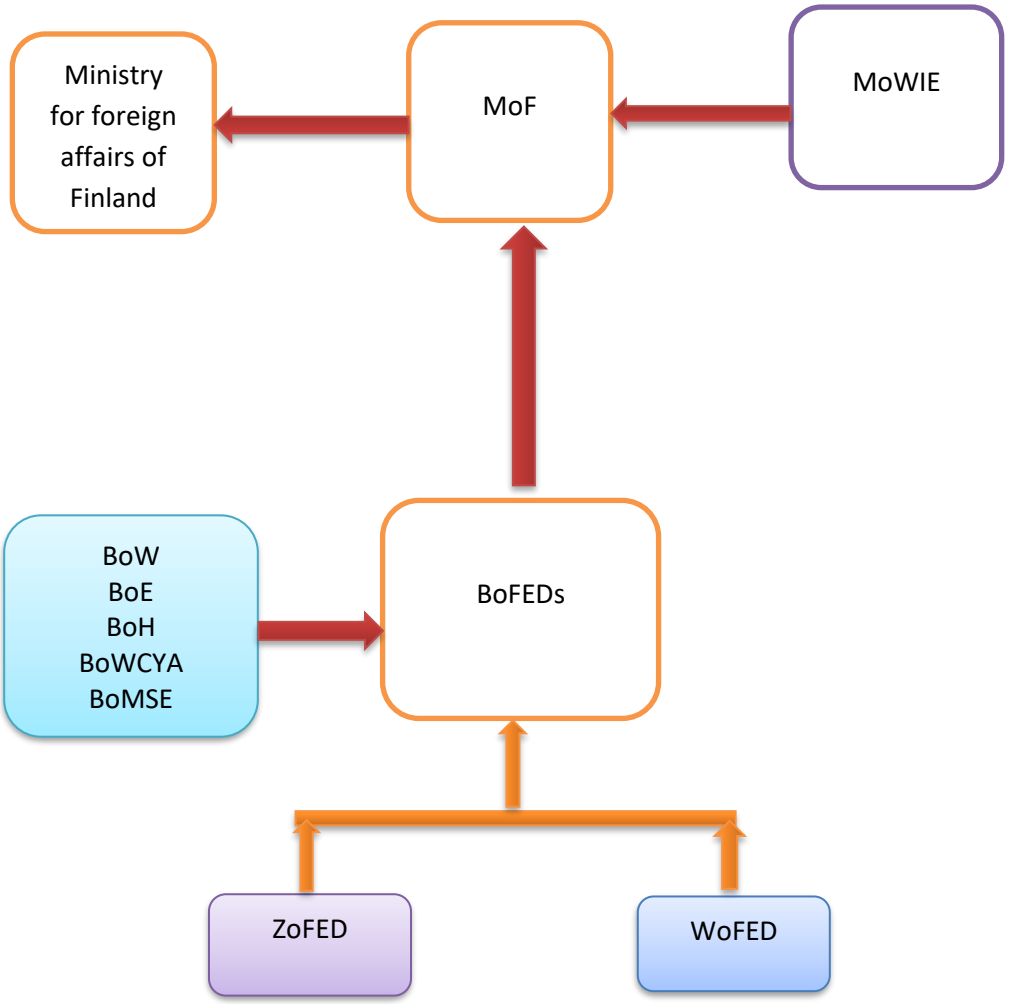
7.2.2 Reporting procedures

a) An upward reporting stream, in which reports flow from lower level to higher level, shall be implemented for the COWASH as described in Figure 4 below and as pre the requirement specified under Table 11, Financial Reporting Procedure;
b) ZoFED and WoFED will prepare, the standard monthly government financial reports (i.e. trial balance, expenditure reports, revenue reports, etc.) and send them to the respective BoFEDs;
c) WASH Sector Bureaus will send monthly financial reports to BoFEDs, using the IFR standard reporting formats;
d) BoFEDs will summarize the reports received from WoFEDs, ZoFEDs and COWASH Sector Bureaus, on a quarterly basis, send these summarized reports to MoF;
e) Federal implementing Agencies (Sector ministries) shall prepare quarterly financial reports and send to MoF;
f) MoF will consolidate the above reports received from BoFEDs and COWASH Sector Ministries, and prepare and send to Finland Embassy a consolidated IFR for the Program within 60 days after the end of the quarter. The format of the Interim financial reports (IFRs) are annexed in this manual;
g) The Finland Embassy will be responsible for reviewing and clearing the quarterly IFRs;
h) Following the reporting arrangement described above and under Table 11 additional work is required only at the BoFEDs, to summarize the monthly reports of lower level, and MoF to transform the reports into the Program's IFR formats.

Table 11: Financial Reporting procedures

Reporting Type or Content of Report	Responsible Entity	Frequency of Submission	Deadline for Submission	Action
Monthly Report: Trial balance, receivable report, payable report, transfer report, cash count certificates, expenditure report, bank statement & the related bank reconciliation, **Quarterly Report** (the monthly report at the end of a quarter will include the following schedules in addition to those included in the monthly reports): List of receivables& the related age analysis, list of payables & the related age analysis, budget & actual expenditure comparison by component & sub-component of expenditures and the related explanation	▪ WoFEDs, ▪ ZoFEDs ▪ Regional Sector Bureaus ▪ Federal Sector Ministries	Monthly and quarterly	2 weeks after the end of a month (15 calendar days)	▪ WoFEDs submit to BoFEDs; ▪ ZoFEDs submit to BoFEDs; ▪ Regional Sector Bureaus submit to BoFEDs; ▪ FederalSector Ministries submit to MoF.
Quarterly Report: Fund utilization report, Statement of Sources and Uses of Funds, Consolidated & its own trial balance, BoFEDs own receivable & payable report, BoFEDs own cash count certificates, BoFEDs own expenditure report, bank statement & the related bank reconciliation, Consolidated list of receivables& the related age analysis, Consolidated list of payables & the related age analysis, budget & actual expenditure comparison by component & sub-component of expenditures and the related explanation	Federal Sector Ministries BoFEDs	Quarterly Quarterly	15 days after the end of the quarter. One month after the end of the relevant quarter (30 calendar days)	▪ Federal Sector Ministries submit to MoF ▪ BoFEDs submit to MoF
Quarterly IFR: Notes & explanation about project & financial performance, Statement of Sources and Uses of Funds, Statement of Uses of Funds, Statement of Designated Account, Designated account Activity Statements, Cash Forecast, budget utilization and variance analysis, and various schedules supporting the IFR including aging analysis, Special account reconciliation statement, regional or implementing entity's sources and use of fund, bank statement and bank reconciliation statement, statement of fund flow and cash movement for federal and regional implementing agencies, contracts subject to prior and post reviews including payments against contracts subject to prior review	MoF	Quarterly	Two months after the end of the relevant quarter (60 calendar days)	MoF submit to GoF(Embassy of Finland)
Annual Financial Statements	MoF	Annually	3 months after the end of the fiscal year	MoF submit draft financial statements to auditors
Audit Report	MoF	Annually	Within 6 months after the end of the fiscal year	After collecting from auditors MoF submits audit report & audited financial statements to DPs and discloses for public.

Figure 4: Financial Reporting flow



7.2.3 Periodicity of Reporting

a) Monthly reporting

As explained above, monthly reporting shall comprise reporting using the standard government reporting formats. The timeline for sending the monthly reports is as follows:

- ✓ WoFEDs, ZoFEDs shall send the reports to BoFEDs within 15 days of the last day of the month;
- ✓ Implementing sector Bureaus shall send the reports to BoFEDs within 15 days of the last day of the month

b) Quarterly IFRs

The IFRs shall constitute the quarterly financial reports for the Program. MoF will submit consolidated IFR to Finland Government within 60 days after the end of the quarter. The timeline for reporting is described below:

- ✓ 15 days after the end of each quarter, implementing sector ministries shall send the report to MoF.
- ✓ 30 days after the end of each quarter, BoFED consolidates financial reports to MoF.
- ✓ 60 days after the end of each quarter, MoF prepares consolidated COWASH IFR.

This consolidated IFR will be based on financial reports from implementing Sector ministries and BoFEDs, own expenditures, and federal government contributions and receipts from Finland Government.

c) Annual reports

These are mainly prepared for audit purposes. The reporting formats for the annual reports are very similar to the formats used for the quarterly IFRs. The annual report will be the consolidated report of the four quarters subject to adjustments. The final (annual) accounts shall be prepared and submitted to external auditors no later than 3 months after the end of the fiscal year.

7.2.4 Contents of IFR Report

This section briefly discusses about the main schedules/statements forming part of the IFRs.

a) Statement of Sources & Uses of Funds

Summary information on opening cash balances; sources of funds, uses of funds and closing cash balance will be contained in this form. This report is prepared both at regional (BoFED) and federal level (MoF).

In this statement BoFED shall include all opening balances of woredas and region, cash transfer from MoF and donor direct transfer if any, expenditures of reporting period with major components level, (rural and program management and capacity building) , and ending balance with detail breakdown(cash on hand and at bank, advances, payables).

Report prepared at MoF level include all opening balances of donors account & regions, sources or collection from donors and government, expenditures total of the reporting period with components details

GoF account balance kept in foreign currency are converted to ETB using the prevailing exchange rate. The statements shall prepare every quarter and once in a year.

b) Detail Receivable and payable Balances

Detail receivables and payables report should be reported by all program implementing entities with appropriate account code.

c) Statement of Special (Designated) Accounts /FUND FLOW/

This is a statement showing summary of the movements of each of the financers' special foreign bank accounts. Separate statement shall prepare for each financer.

The statement includes receipts, transfer to pool ETB account, service charge apportioned expenditures of the period, closing balance, and foreign exchange gain or loss. Calculation of exchange rate gain or loss shall follow governments accounting procedures. The statements shall prepare every quarter and once in a year.

d) Fund Flow Statement of Pooled Bank Account

Just like statement of special account, fund flow statement of pooled account shows a summary of cash movement for pooled account. It includes transfer from special foreign account, fund transfer to regions & other sector offices, bank service charge and other expenses. The statements shall prepare every quarter and once in a year.

e) Statement of Use of Fund

Statement of uses of fund /fund utilization/ shows actual expenditures, which are appropriately classified by main project activities (categories, components and sub-components) and include an actual versus budget comparisons for the current quarter, year to date and cumulative project life and percentage of utilization.

The statement is prepared at all levels including federal, regional and woredas level. The regions are consolidating each Woreda, zone and sector bureau actual utilization report and compare with their allocated budget.

f) Consolidated Expenditures Summary

Summary of expenditures consolidated at federal level. Each region expenditures should be presented with major components details (rural and program management),
Both annually and quarterly it is prepared and compared with respective period budget to show actual versus budget comparisons for the current quarter, year to date and cumulative project life. The statement shows fund utilization percentage as per each region and major components.

g) Expenditures Forecasts & Cash Requirements

This includes a statement of cash forecast or requirement covering for six months period.
It is prepared both in the local currency and in the currency of the designated bank account by taking project budget for the coming two quarters after the end of the relevant quarter. The total is then reduced by ending balance and direct payments if any. It should also indicate the source of finance. This report should be worked with maximum due diligent to get accurate forecast figure which reflect the correct future expenditure and source of funds.

h) Aging Analysis of payables and receivables

This discusses aging of unsettled payables and receivables, its volume compared to the total expenditure of the quarter or percentage of cumulative expenditure. All fund receiving entities should prepare and submit to higher level entity.

i) Bank reconciliation and Bank Statements

From practice it is understood that the balance per record of organization's book may not agree with the balance per bank statement. The most common causes for differences include:

- Deposits in transit, not shown in the bank statements,
- Outstanding Cheques not presented to the bank,
- Deposits/payment not recorded on books,
- Errors in recording either by the bank or by the implementing agency

Bank reconciliation should be prepared every month in not more than a week time from the end of the month. Bank reconciliation should be made on a monthly basis even if there is no payment or deposit or transfer received in the month.

Bank reconciliations to be prepared by the following entities to reconcile all bank accounts maintained for the program: by MoF, by BoFED, by ZoFED, by WoFED, by Sector ministries, Sector bureaus and by others that receive program funds.

7. Auditing procedures

8.1 Internal Auditing

a) Internal auditing is a profession and activity involved in helping organizations achieve their stated objectives. It does this by utilizing a systematic methodology for analyzing business processes, procedures and activities with the goal of highlighting organizational problems and recommending solutions;

b) The scope of internal auditing within an organization is broad and may involve topics such as the effectiveness of operations, the reliability of financial reporting, deterring and investigating fraud, safeguarding assets, and compliance with laws and regulations;

c) As per regular government procedures, the internal auditor of each agency (i.e. MoF , BoFEDs ,ZoFEDs, WoFEDs, sector Ministries, sector Bureaus, and other implementing agencies) shall perform an internal audit on the program fund. Thus, all the internal audit units of the mentioned agencies shall routinely include the Program in their work plan and conduct regular audit on the Program funds. The report of the implementing agencies' internal auditors shall be addressed and submitted to the head of the Agency. However, major findings during an audit shall be communicated to MoF immediately for corrective action;

d) The audit includes a periodic review (post audit) of effectiveness and compliance with financial and accounting policies and procedures and internal control mechanisms; the overall reliability of accounting system, data and financial reports;

e) It is imperative that the internal auditors carry out the financial audit for the Program. Internal auditors shall keep a copy of the proceeding internal audit report and make them available for external auditors and Finland Gov't supervision missions;

f) Past lessons indicate that the internal audit function in all regions and woredas visited was found to be especially weak. These weaknesses are systemic and well-recognized by MoF, and many reform activities are planned and underway by the EMCP/MoF to improve the internal audit system. In the meantime, through this program certain mitigation measures are agreed:

   1) Hire/assign internal auditors at MoF and BoFED to conduct internal audits;
   2) The recruited Internal Auditors will supervise the project's internal control system every six months and furnish the status report to the BoFED & MoF within 60 days of the end of the semester.
   3) Conduct capacity building trainings on internal audits along with the FM Manual trainings;
   4) The FTAT will continue to track the performance of internal auditors as to whether the project was subject to internal audit reviews.

8.2 External Audit

a) According to the Ethiopian Constitution, the Office of the Federal Auditor General (OFAG) is responsible for carrying out the audit of all the financial transactions of the federal government and subsidies to the regions. Each of the regions has a regional Office of the Auditor General responsible for auditing financial transactions in the region. Although the responsibility for the preparation of financial statements of the program and

for getting them audited rests with MoF, every program implementing entity has responsibility to cooperate with external auditors. MoF will have the project financial statements audited by OFAG or an auditor assigned by OFAG. When OFAG decide to assign independent audit firm to handle the financial audit, the auditor to be selected should be acceptable to Finland Gov't. There should be rotation of auditors and an independent audit firm should be allowed to audit the project financial statements for a maximum of three years. The project is subject to external audit throughout the life of the project;

b) The auditor is responsible for forming and expressing opinion on the financial statements. The audited financial statement will include source of fund from Government of Finland for the program. The auditor will prepare a work plan to ensure adequate coverage of the various institutions that receive project funds and cover all the major risk areas. The audit of the project will be carried out in accordance with the terms of reference for external audit. In complying with International Standards on Auditing, the auditor is expected to pay particular attention to fraud and corruption, laws and regulations, governance and risks. The content of the program financial statements are all included in the audit ToR agreed with the Finland Embassy. The audit report should include follow up on the audit recommendations noted by audit reports at the different implementing entities. In addition to the audit of the Project Financial Statements, the auditor is required to verify IFRs used as a basis for the submission of withdrawal applications to the Finland Embassy. The auditor will apply such tests and auditing procedures as considered necessary under the circumstances;

c) The auditor will prepare audit report (that includes the audited financial statements, the opinion on the financial statements and states of affairs of the program and a complete Management Letter) in a form and content satisfactory to the Finland Gov't and will submit the report to MoF and then submit the complete audit report to Finland Embassy /FTAT within 6 months after the end of each Fiscal year. The Finland Embassy /FTAT as indicated in the program document, is responsible to review, give comments, if any, and clear the audit reports;

d) Audit reports shall be addressed to MoF and the MoF will be responsible for preparing action within two months of submission of audit report and submits the same to all implementing entities for follow up. The action plans will also be sent to Finland Embassy/FTAT. All the relevant public bodies at all levels should respond immediately to recommendations and findings to which they are responsible to enable MoF submit action taken and would be taken in time to the Finland Embassy /FTAT;

e) MoF should also follow up on actions taken as planned in the Action plans thereby following up with regions and implementing entities to take actions. Progress update of status of actions taken will be reported to Finland Embassy /FTAT as well;

f) Once finalized and issued by MoF and submitted to Finland Embassy /FTAT, the external audit report is subject to public disclosure.

Generally, according to the agreement made between GoE & Finland Embassy in the time of regular audits and inspections carried out in accordance with the program document shall be financed from the programme budget. The costs of any additional inspections or audits initiated by Finland shall be

covered by Finland. The same is true when such an audit or inspection is initiated by Ethiopia, the costs shall be covered by Ethiopia.

PART IV: PROCUREMENT

8. Procurement Implementation Guidelines

9.1 General

This section provides procurement implementation guidelines that will be applicable for COWASH Program funds transferred from Finland to MoF.

a) The implementation of COWASH Program will involve numerous procurement activities in order to achieve the development objective of the program. Procurable items under the program will include hiring of TAs, Civil Works, contracts related to provision of water supply schemes;
b) Community managed projects in rural areas: Goods such as pipes and fittings and electromechanical equipment, and Consultancy services for design and supervision of the water supply related works;
c) Finland shall procure the supporting technical assistance services prescribed in the program document in accordance with the relevant Finnish legislation provider to be agreed up on with Ethiopia. The selection of TA provider will be conducted by an evaluation committee established from the representatives of the Gov't of Finland. Final result will be presented to NWSC for endorsement. For procurements carried out in Ethiopia by the technical assistance provider the relevant Ethiopia legislation on procurements shall be applied;
d) All procurements shall be made in accordance with generally accepted principles and good procurement.

9.2 Oversight Arrangements

Finland oversight will be supplemented by government own oversight and monitoring of procurement activities. Ministry of Water, Irrigation and Energy will prepare quarterly monitoring reports that will highlight actions taken to improve capacity and mitigate risks, number of contracts planned within quarter, progress of each contract, funds committed and contracts committed, which will be shared and discussed with government bodies. The MoWIE will also engage an independent auditor annually and submit an audit report not later than six months after end of fiscal year. Head of each implementing agency will be responsible for monitoring and reporting progress of procurement activities at their level.

9.3 Accountability Framework

Ministry of Water, Irrigation and Energy will be overall accountable for procurement decisions for the program. The Ministry will promote good procurement practices consistent with agreed rules and procedures and ensure that adequate capacity is maintained at all times and at all levels of program implementation. Specifically the Ministry will be responsible for (i) ensuring that procurement rules and procedures are disseminated to all implementing entities (ii) procurement rules are adhered to and deviations from agreed rules are adequately justified (iii) independent

procurement audits are timely carried out and final reports shared with Finland along with actions to be taken on observed deficiencies (iv) there are bidder complaint review committees at all levels and that bidders complaints are expeditiously dealt with by people different from those involved in evaluations of the same bidders (v) share with the Finland allegations of fraud and corruption including actions taken (vi) public results of ICB contract awards within two weeks after Finland Embassy no objection and publish tender results quarterly other than those for ICB awarded in the quarter.

9.4 Applicable Policies, Rules, Procedures

National Competitive Bidding procedure shall be in accordance with the procedures of GOE's Federal Government Procurement and Property Administration Proclamation No. 649/2009 and the Federal Government Public Procurement Directive issued by the Minister of Finance June 2010, subject to the following additional provisions:

a) The Recipient's standard bidding documents for procurement of goods and works acceptable to the Association shall be used. At the request of the Recipient, the introduction of requirements for bidders to sign an Anti-Bribery pledge and/or statement of undertaking to observe Ethiopian Law against fraud and corruption and other forms that ought to be completed and signed by him/her may be included in bidding documents if the arrangements governing such undertakings are acceptable to the Association.

e) If pre-qualification is used, the Programs standard prequalification document shall be used.

b) No margin of preference shall be granted in bid evaluation on the basis of bidder's nationality, origin of goods or services, and/or preferential programs such as but not limited to small and medium enterprises.

c) Mandatory registration in a supplier list shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid and if recommended for contract award shall be given a reasonable opportunity to register with the reasonable cooperation of the recipient, prior to contract signing. Invitations to bids shall be advertised in at least one newspaper of national circulation or the official gazette or on a widely used website or electronic portal with free national and international access.

d) Bidders shall be given a minimum of thirty (30) days to submit bids from the date of availability of the bidding documents.

e) All bidding for goods shall be carried out through a one-envelope procedure.

f) Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.

g) The results of evaluation and award of contract shall be made public. All bids shall not be rejected and the procurement process shall not be cancelled. A failure of bidding declared, or new bids shall not be solicited, without the Association's prior written concurrence. No bids shall be rejected on the basis of comparison with the cost estimates without the Association's prior written concurrence.

9.5 Procurement of Goods, Works and Non-consultancy Services

The following procurement methods are applicable for procurement of Goods, Works, and Non-Consultancy Services under the Program:

- ✓ International Competitive Bidding (ICB)
- ✓ National Competitive Bidding (NCB)
- ✓ Shopping
- ✓ Direct Contracting
- ✓ Community Participation in Procurement

The program will involve activities that will be carried out directly by the community. The community groups will use the government procurement directive and guideline manual which is approved by all level of government.

9.6 Procurement of consultancy services

The following selection methods are applicable for procurement of consultancy services contracts:

1) Quality and Cost-based Selection (QCBS)
2) Least Cost Selection (LCS)
3) Selection based on Consultants' Qualifications (CQS)
4) Single-source Selection of consulting firms (SSS)
5) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants.

9.6.1 Quality and Cost Based Selection

QCBS uses a competitive process among shortlisted firms that takes into account the quality of the proposals and the cost of the services in the selection of the successful firm. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment. The selection process shall include the following steps:

1) Preparation of the Terms of Reference (ToR)
2) Preparation of cost estimate & the budget
3) Advertisement for Expression of Interest (EOI)
4) Evaluation of EOI to shortlist six firms
5) Preparation & issuance of Request for Proposal (RFP) to short listed firms
6) Receipt of proposals
7) Opening and Evaluation of technical proposals
8) Public opening of financial proposals of firms technically qualified
9) Combined evaluation of technical and financial proposals
10) Negotiations and award of the contract to the selected firm

9.6.2 Least Cost Selection

This method is only appropriate for selecting consultants for assignments of a standard or routine nature (audits, engineering design of non-complex works, and so forth) where well-established

practices and standards exist. Under this method, a "minimum" qualifying mark for the "quality" is established. Proposals, to be submitted in two envelopes, are invited from a short list. Technical proposals are opened first and evaluated. Those securing less than the minimum qualifying mark are rejected, and the financial proposals of the rest are opened in public. The firm with the lowest price shall then be selected.

9.6.3 Selection based on Consultants' Qualifications

This method may be used for small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.

9.6.4 Single-source Selection of Consulting Firms

Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost, lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection shall be used only in exceptional cases.

9.6.5 Selection of Individual Consultants

Individual consultants are employed on assignments for which (a) teams of personnel are not required, (b) no additional outside (home office) professional support is required, and (c) the experience and qualifications of the individual are the paramount requirement. When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.

9.7 Procurement Reviews

9.7.1 Prior review

All contracts are subject to prior review. This includes the original Procurement Plan and all its revisions or updates. Prior review by the Donor will be required for the General Procurement Notice (GPN), Specific Procurement Notice (SPN) all bidding documents, RFPs, pre-qualification evaluation reports and short-listing reports, bid and proposals evaluation reports, Draft negotiated contracts for consultancy services and contracts to ensure that the procurement process is carried out in accordance with the agreed procedures.

9.7.2 Post review

a) For contracts subject to "post review", the Implementing Agency can complete the whole procurement process from preparation of bid document to contract award without seeking "no objection" from the Donor. However, the Implementing Agency shall retain all documentation with respect to each contract (including but not limited to the signed contract and analysis of the proposals) for review or examination by the Donor or by its consultants. To support this post review process each Implementing Agency should

prepare a contract register that shows list of contracts executed by each agency before the arrival of the reviewer.

b) If the **Government of Finland** determines that the goods were not procured in accordance with the agreed procedures, as reflected in the Financing Agreement or that the contract itself is not consistent with such procedures, it may declare mis-procurement and promptly inform the Ministry of Water, Irrigation and Energy.

9.7.3 Institutional Setup for procurement

Procurement under the Program shall be implemented in a decentralized arrangement.

9.8 Procurement Planning

a) Public procurement units at all level shall prepare annual procurement plans setting forth the particular contracts for consultancy and non-consultancy services, goods and works. The Procurement Plans at the initial period will need to be prepared by the procuring units at the start of the implementation to reflect the actual program implementation needs, and thereafter annually or as needed throughout the duration of the program based on actual program implementation;

b) The procurement plan will set out information regarding the package/lot number, the proposed procurement methods that apply for each individual bid, the related bank review procedures, the estimated costs/budget and time frame for completion of the various activities of the bidding process, the start and end dates of the resulting contracts;

c) Procurement plans at Woreda level will be consolidated at each of the respective region level, and the consolidated regional level procurement plans from Woredas, and regional sector Bureaus will again be consolidated at national level. Similarly, the national level procurement plans will consolidate regional and different sector ministries.

9.10 Mis-procurement

Mis-procurement occurs when goods, works, or services are not procured in accordance with procedures agreed to in the Finance Agreement of the Program. When Government of Finland determines that the procedures followed by the Executing Agency for procurement are a significant violation of the procedures set out in the Financing Agreement, (for example, when the procedures followed in bid evaluation are inconsistent with those outlined in the bidding documents, if sufficient time is not given for the bidders to prepare their complete document, if the appropriate standard bidding document is not used, etc.), Government of Finland may declare mis-procurement. Finland does not finance expenditures for goods and works which have not been procured in accordance with the agreed procedures.

9.11 Record management

a) Procurement documents should be kept in a systematic and organized manner for each step of the procurement process. They should also be kept in a safe and secure place preferably using Box files and folders. A separate file or a separate section should be reserved for each procurement package;

b) Implementing Agencies must maintain records or each of the steps taken during the procurement process. Where contracts are to be awarded on the basis of competitive bidding, the procuring entity should maintain a complete record of the process and documentation for future review by GoF.

9.12 Contracts register

Contract register should be maintained by each Implementing Agency under the Program throughout the program life. Contract Register has to be recorded and updated as frequently as possible and be kept as one of the procurement files. Major procurement processes should be registered in the Contract Register and kept for future procurement audits and reviews by the Donor. Recording and maintaining of Contract Registers is the responsibility of the Procurement Specialist/Officer at Federal, Regional and Woreda levels. The following items are the major procurement process which should be captured in the contract register that will be prepared by each Implementing Agency.

a) Contract Reference Number
b) Contract Description
c) Procurement Plan Cost Estimate
d) Procurement Method Used
e) Date, Month and Year of Invitation
f) Name and address of Supplier/Contractor/Consultant
g) Date, Month and Year of Contract Signing
h) Contract Amount
i) Date, Month and Year of Completion of Contract

9.13 Reporting

It is important in the Program to produce periodic procurement activities report by the program implementers at all level. Each procuring body will be responsible for monitoring and recording its procurement activities. The head of each procuring entity must satisfy itself that procurement proceedings were executed in accordance with the approved procurement plan and budget. Each implementing body will then compile its annual reports on procurements made and submit to the higher level for subsequent consolidation by the FTAT and report to the NWSC for approval.

9.14 Procurement Audit

Independent Procurement Audits will be carried out once a year, and all procurement implementing bodies shall provide all the required documentation and supports to the procurement audit firm representatives. The MoWIE/FTAT will select the procurement audit firms through the prior review process annually and will reflect the planned selection process in its procurement plan.

PART V: ADMINISTRATION ISSUES

9. Implementation Arrangements

The financial management and fund flows will be aligned with the systems to the Government of Ethiopia, using the financial arrangements of Channel 1. This is a channel for donor funding, where the funds flow from the donor through the Ministry of Finance, to the regional Bureaus of Finances (BoF) and then to the other sector bureaus at the regional level. Hence the Ministry of Finance will be responsible at federal level for the financial management of the program and the BoF at the regional level. MoWIE will be the main implementing agency for the implementation of the program at federal level and the regional Water Bureaus at the regional level.

10.1 Contractual Agreements

In support of the WASH sector in Ethiopia, the Ministry for Foreign Affairs of Finland (MFA) will sign an intergovernmental agreement with MoF. This agreement stipulates the overall terms and conditions of the joint support for COWASH IV. Ministry of Foreign Affairs (MFA) represented in Ethiopia by the Embassy of Finland, and MoF shall be the Competent Authorities at the Federal level.

The MoF will be responsible for the financial management of COWASH IV and the MoWIE will be the main implementing agency at the federal level.

MoF will sign Memorandum of Understanding (MoU) with each regional BoF in Oromia, Amhara, Benishangul-Gumuz, Tigray, SNNPR and Sidama. The agreements will state the agreed total budgets from all contributors, timelines and other terms and conditions, including the arrangements for the Regional Support Units.

NWSC will recommend the woreda selection criteria for the participating regions. The final criteria and selection of woredas is however done by the Regional WASH Technical Teams (RWTT) and Regional WASH Steering Committees (RWSC). The selection criteria recommended are those outlined in OWNP II.

NWSC will discuss and based on the given criteria agree on the maximum number of woredas to be included in the program. The maximum number of woredas to be supported in each region will also be agreed during the inception phase of the project.

The selection of woredas in the region will be the responsibility of RWSCs. This will be done based on the selection criteria and a maximum number of woredas given from the NWSC. RWSC will be responsible for allocation of funds between the woredas.

The regional investment funds budgeted for the COWASH IV program for community water supply will be channeled from Bureaus of Water or Bureau of Finance for investment funds to communities implementing the CMP modality by WASHCOs.

Regional investment funds for the institutional sanitation and menstrual hygiene management are

channeled through the woredas. Funds for institutional water supply (from the GoF contribution) will also be channeled through the woredas.

10.1.1 Implementing Agencies and their Institutional Capacities

At the Federal level MoWIE will be the main implementing agency, responsible for coordinating the implementation with MoF, MoE and MoH.

MoF will recruit a Financial Management Specialist, from the GoF contribution, to undertake the financial management and reporting of COWASH IV at the Federal level. Additional support will be extended for MoF and MoWIE participants for travelling to the Regions, especially to the biannual Regional WASH Steering Committee meetings on COWASH IV.

At the regional level, the responsibility for the implementation lies with Water Bureaus and the responsibility for financial management with the BoFECs, as defined in individual agreements between MoF and each regional BoFEC. The terms and conditions of these agreements shall be approved by the NWSC.

BoW, BoE, BoH and BoWYCA will make their annual plans for projects and required capacity building at the regional level. The fund transfers to the regional bureaus will be disbursed by Bureaus of Finance, according to annual plans approved by RWSC.

The regional operations have been delegated to zones and woredas. Zones have adequate capacity to continue their coordinating role in Project operations.

10.2 Management and Decision-making

10.2.1 Federal Management Structures

NWSC is the highest COWASH IV management body, which will provide overall governance and guidance for the Project implementation. According to WIF, the members of the NWSC are individually nominated representatives of MoF, MoWIE, MoH and MoE. MFA or the Embassy of Finland will be a member of NWSC. Resource persons may be invited by NWSC when justified. NWSC of COWASH IV meets twice a year based on jointly prepared agenda. NWSC decisions shall be clearly recorded. The aim is to reach consensus in decision-making.

NWTT provides technical oversight and support to OWNP as well as to COWASH IV. NWTT's main task regarding COWASH IV is to review annual plans, budgets, and reports, and make recommendations to NWSC. NWTT will meet prior to NWSC meetings to handle matters related to the implementation of COWASH IV. The NWTT through the Federal Technical Assistance or COWASH FM specialist in MoF is responsible for planning, resources distribution and submitting required agenda and reports to the National WASH Steering Committee.

NWCO ensures that OWNP plans, M&E, reports and capacity building are coordinated, harmonized and aligned among all WASH stakeholders. FTAT works closely with NWCO, providing practical support to WASH coordination and implementation.

MoF will be responsible for the fiscal management and fund flow of COWASH IV managing the GoF grant funds to the regions and collecting and combining the financial reports from the regions. MoWIE will be in charge of collecting and aggregating the progress reports from the Regions for the presentation for action and approval in NWTT and NWSC. The FTAT team will provide assistance in compiling the consolidated financial and progress reports, when required.

MoF will contract dedicated Financial Management Specialist to oversee the financial operations of COWASH IV. The costs of the dedicated personnel will be covered from the GoF budget.

FTAT will be placed in MoWIE and it is accountable to MoWIE. FTAT will provide support to MoWIE, MoF, Regions, donors and other stakeholders. MoWIE will supervise the activities of FTAT and facilitate its work by providing necessary logistic support. FTAT will be accountable to MoWIE and work together with other Federal WASH Structures. FTAT will work closely with other relevant directorates in MoH and MoE to ensure cross-sectoral participation in CMP and ensure efficient implementation of and learning from WASH implementation managed by other Ministries.

FTAT has a crucial role in advising and coordinating the activities of RSUs. FTAT will also provide assistance and advice to the Embassy of Finland in WASH /CMP matters.

The authority to approve international and national specialists to FTAT is vested to MoWIE and the Embassy of Finland. The consultancy company of the TA component will propose the candidates for national federal level TAs subject to no-objection of the MoWIE and the Embassy of Finland.

Suitable and permanent premises for FTAT within the building of MoWIE will be provided by GoE as agreed in the intergovernmental agreement.

FTAT, shall have full control of their assets, including equipment and vehicles that have been entrusted for their possession. The vehicles will be registered with government plates with full tax and duties paid by the GoE; other alternative is that the vehicles will be registered with AID organization plates (numbered 23), free of taxes and duties – in this case at the end of the project when handed over to GoE, duties and taxes are to be paid by GoE.

10.2.2 Management Structures in Regions

The MoF will sign implementation agreements with the Regional Financial Bureaus outlining the targets, budgets, implementation arrangements, timelines, reporting and auditing arrangements. The implementation agreements will also state the terms and conditions of setting up and engaging the Regional Support Units and other conditions relating to the GoF financial support.

At the regional level, the responsibility for Project implementation lies with Water Bureaus, with support from BoH, BoE and BoWYCA and BoMSE. The financial management of the program in the regions is however with the BoFECs.

COWASH IV is part of the regional WASH implementation structure and the highest decision making which falls under RWSCs and RWTTs. Both MoF and MoWIE will nominate a representative to the RWSCs and send the officer to all the meetings. GoF will be a member of the RWSC and will be represented by the Embassy of Finland.

RWSC selects the woredas to be included in COWASH IV on proposal of RWTT. The recommended selection criteria, as well as the maximum number of woredas allocated to each region are those agreed in the NWSC.

The main responsibility for WASH coordination at regional level lies with the RWSC. Coordination of operations is necessary to avoid overlapping of similar activities within the same geographical area. This is also one key criterion when selecting woredas for COWASH IV.

The RSU will be recruited by the Bureau of Water with the support from FTAT. The Federal TA team will support the selection of the RSU staff with Bureaus of Water. A special effort will be made to improve the gender balance of the RSU by encouraging women to apply. The RSU will be advertised to be an equal opportunity employer, and when two candidates of similar competences are applying, the female applicant should be selected.

The RSU is reporting to the Head of the Water Bureau in technical and financial matters. In technical and reporting matters, the RSU is also accountable to FTAT.

RSUs support the Project to build institutional capacity at regional, zonal and woreda levels to establish, replicate and scale up CMP implementation. RSUs are established at Water Bureaus and work as independent sub-units of RWCOs. The technical coordination responsibility of COWASH IV lies with RWTTs, and is facilitated by RSUs.

The composition of the RSUs varies between regions. The RSU specialists should not be replaced without consent of RWSC. RSUs will have full control of its human, physical and financial resources and these shall not be used for other activities outside the COWASH IV implementation in the region. The contractual arrangements of the RSU staff will be made with the regional authorities.

A senior member of the Water Bureau staff will be nominated as the CMP Director/Coordinator. The RSU team will include a Team Leader, who will oversee the day-to-day operations of the RSU.

10.2.3 Management of Funds

MFA will transfer the GoF contribution to a specific account to be opened by MoF. MoF will open one dedicated foreign currency and one local bank account to administer the funds arriving from Finland. This will enable MoF to address foreign exchange need by regions to procure WASH related technical equipment and inputs as well as avoid the exchange rate losses through time.

The inter-governmental agreement will present general principles of financial management. GoF funds are intended for capacity building, investment in institutional water supply and operational costs.

A part of the GoF contribution will be allocated to TA under a separate contract between MFA and a TA consulting company.

GoE and the Regional States will allocate matching funds for investments and operational costs. The ratio of funds from GoF and GoE is proposed to be 40/60. 40% is representing the capacity building, operational funds and support towards the institutional water supply grant to the Regional States and 60 % is representing the investment and operational funds from the Regional States. These budget

figures are the basis for the physical target setting for COWASH IV.

All funds which are channeled through the TA, including TA support, federal level capacity building and part of the innovation funds, are excluded from this matching ratio and are covered by the GoF.

Allocations of the GoF support to the regions will be based on criteria approved by National WASH Steering Committee (NWSC). The criteria to be used and their respective weight are suggested to be:

1. The General-Purpose Block Grant formula. 70 % of the Government of Finland's grant to the Regional States will be divided based on the criteria.
2. Past performance.15 % of the Government of Finland's grant to the Regional States will be divided based on the criteria. The investment fund utilization of COWASH III will be used as the performance criteria.
3. Commitment towards COWASH IV budget. 15 % of the Government of Finland's grant to the Regional States will be divided base on the criteria. Minimum budget commitment required from the states is 60% of the total budget, while MFA is providing 40%. Commitment over the minimum expected will be rewarded.

Proposals for allocation of overall funding among targeted regions, sectors and program components will be endorsed by NWSC.

An advanced transfer of funds to the regions for the first year will be based on work plans and budgets approved by the RWSC. Thereafter, the allocation of funds will be made twice a year, based on performance and reporting during the previous fiscal year.

MoF will make implementation agreements with the BoF. The agreements will define the details of financial management, financial flows, disbursement, reporting, auditing and other arrangements which regulate transferring the capacity building and operational funds of GoF to the implementing agencies.

The capacity building funds from the GoF grant will be managed by BoF. BoF will be managing the finances also relating to the capacity building costs of all participating bureaus i.e. Bureaus of Water, Bureaus of Health, Bureaus of Education, Bureaus of Women, Youth and Children Affairs and Bureau of Micro and Small Enterprises. The participating bureaus will provide their capacity development plans and relating budgets to the BoF. The funds will be transferred to the participating bureaus based on approved plans.

In case of the institutional WASH structures funded from the GoE contribution, the sanitation facilities, menstrual hygiene management rooms will be funded through the woreda structures. The implementation of the Project, including procurement, will be managed by the WASHCO in case of community water supply scheme.

The investment funds for institutional water supply systems, supported by GoF, will be transferred to woreda finance office and will be managed by the Woreda Water Office.

Technical support to all types of water supply and sanitation project implementation will be

provided by woreda and zones as required and backed up by respective regional bureaus and RSU.

10.3 Staffing Arrangement

10.3.1 Federal Technical Assistance Team (FTAT)

The Federal Technical Assistance Team will be supporting the MoF, MoWIE, WDC and NWCO in the implementing the OWNP II as well as giving direct support to Regional States in implementing COWASH IV.

The FTAT will have a specific task in designing innovative projects in terms of concepts and software approaches, specifically new sanitation marketing and behavioral change. A dedicated budget will be assigned to this type of activities under the TA budget.

Additionally, the FTAT will, as and when requested, be contributing to the following:

1) Promotion and advocacy of CMP to other government programs, donor projects and NGOs. Capacity building on community participation and inclusive project approaches will be organized for the needs of COWASH IV and marketed to CWA II and other programs.
2) Specific efforts will be made to advocate and mainstream COWASH gender programs and inclusivity methodologies.
3) FTAT will assist the MoWIE in progress reporting and MoF in financial reporting of the GoF grant funds.
4) FTAT will assist MoWIE in creation and running of the new training unit for the regional and Woreda technical staff.

10.3.2 Regional Support Units (RSU)

Regional Support Unit (RSU) consists of a group of specialists, whose tasks are specifically designed to support the Regional WASH bureaus and especially Regional Water Bureaus as well as COWASH IV zones and woredas to implement the water supply and sanitation projects in the communities and institutions, using the Community Managed Project (CMP) approach (CMP process). RSU will also support any other programs, projects, NGOs, woredas or communities in the region to use the CMP modality. To achieve this, RSU will organize advocacy and promotion events of CMP financing and CMP processes.

RSU consists of outsourced professionals contracted by the Regional States as well as the support staff.

The RSU is reporting to the Water Bureau and the Federal Technical Assistance Team (FTAT) in project management, performance, data and finance. FTAT has the authority to request the RSU to provide reports and monitoring data related to COWASH IV. This information must be provided by RSU accurately and in a timely manner.

A senior member of the Water Bureau staff will be nominated as the CMP Director/Coordinator. The RSU team will include a Team Leader (preferably also with the CMP specialist capacity). The RSU Team Leader will oversee the day-to-day operations and management of the RSU. The CMP

Coordinator/ Director at the regional level and CMP supervisor at the woreda level are not posts funded from the GoF capacity building grant, but persons nominated from the regular staff of the Regional State. He/she may receive some support to undertake the tasks e.g. travel and communication allowances and office equipment. They are however as part of the necessary staffing structure for operating the CMP program.

The capacity building in COWASH is following a cascading principle where trained regional professionals transfer their knowledge down to the zone and woreda staffs. Woreda staffs will further train communities and institutions to implement their own projects. The supervision and capacity building in the Region is led by RSU.

RSUs support the Project to build institutional capacity at regional, zonal and woreda levels and private sector capacity at woreda level to establish, replicate and scale-up CMP implementation. RSUs are established at Water Bureau and RSUs work as independent sub-unit of Regional WASH Coordination Offices (RWCOs). The technical coordination responsibility of COWASH IV lies with Regional WAH Technical Teams (RWTTs), and in case of COWASH work is facilitated by RSUs.

The Focal person at Bureau of Finance (BoF) (or FM Specialist) works in collaboration with the FM Specialist at RSU in compiling, reviewing, documenting and circulating the COWASH IV Financial reports.

The Financial Management Specialist of the RSU is expected to control costs to ensure that Bureaus and Woredas operate within the approved budget. Control of costs is facilitated by production of timely, accurate and relevant management and records of accounts. As part of the reporting obligation, fixed assets records must be maintained as instructed in respective manuals. The owners and those entitled to use the fixed and non-material assets must be clearly defined and recorded.

The CMP Coordinator/Director acting as a focal point and assigned/employed by the Water Bureau should have adequate seniority to manage the RSU.

Table 12: Staffing Requirement

Institution	Staffing Arrangements
Federal Level	• Chief Technical Advisor (International) • Junior Professional Officer (International) • Monitoring, Evaluation, Reporting and Learning (MEL) Specialist (National) • Gender and Inclusion Specialist (National) • Communication and Dissemination Specialist (National) • Behavior Change Specialist (National) • SME, MFI, Procurement and Financial Reporting Specialist (National) • Capacity Development Specialist (National) • Climate and Environment Risk and Water Safety Specialist (National) • Community Managed Project (CMP) Specialist (National) • Home Office Coordinator (HOC) • Senior Financial Management Specialist (Sit at MoF)
Regional Level	• CMP Coordinator/Director (GOE regular staff) • Team leader (Possibly work also as CMP Specialist) • Planning, Monitoring and Evaluation Specialist • Financial Management Specialist (FMS)/Accountant (In regions with more than 10 woredas one FMS/Accountant work on GoF funds financial management and one FMS/Accountant work on GoE operational and investment fund management) • CMP Specialist (technical WASH specialist) with responsibility of monitoring certain number of woredas • Capacity Development Specialist with responsibility of monitoring certain number of woredas • Sanitation, Institutional Sanitation and Behavior Change Specialist with responsibility of monitoring certain number of woredas • Gender and Inclusion and Public Participation Specialist with responsibility of monitoring certain number of woredas • Secretary/Cashier (This post can also be used for data encoding) • Required number of drivers (each field car shall have an assigned COWASH driver), and • Cleaner & Messenger (not mandatory if cleaner provided from the Water Bureau)
Woreda level	At woreda level COWASH is formed from the existing government staff. Some exceptions may be agreed region by region if the GoE staff is not available. The following posts can be considered at woreda level: • CMP Supervisor (GoE regular staff); (If not available an option to employ Woreda Advisor from the GoF funds can be considered region by region and according to the availability of funds, but has to be agreed by the Regional Steering Committee) • Procurement and Financial Support (GoE regular staff); (In case of SNNP and Sidama where the CMP fund transfers are planned to be tested through the Woreda Finance Office using Commercial Bank, the direct employment of a CMP accountant to the Woreda Finance Office can be considered and shall be decided case by case)

PART VI: ANNEXES

Annex I: Format for reporting Consolidated Statement of Source and Uses of Fund of Finland Government contribution

MINISTRY OF FINANCE
COWASH IV Program
Consolidated statement of source and uses of fund
As at quarter ended……..

Prepared in ETB and EUR

Description	Current Quarter	Previous Total	Cumulative
Opening Balance:			
Pooled Account (ETB)			
FINANCERS (DA Account)			
1. Finland Government			
REGIONS			
1. Tigray Region			
2. Amhara region			
3. Oromia Region			
4. Beni. Gumuz Region			
5. SNNP Region			
6. Sidama Region			
WaSH SECTOR MINISTRIES			
MoWIE			
MoF			
Total Opening			
Add: Collection			
Finland Government			
Total Collection			
Total Fund Available			
Less: Expenditure			
1. Investment			
2. Capacity building			
3. Operation costs			
4. Contingency			
Total Expenditure			
Ending Fund Balance			
Gain/Loss from Exchange Rate			
Remaining Balance			

	Cash on hand	Cash on transit	Cash at Bank	Advance	Payable	Total
Closing balances						
COWASH Account (ETB)						
Designated Bank Accounts						
Finland Designated Account						
COWASH ETB Account						
REGIONS						
Tigray Region						

Description	Current Quarter		Previous Total		Cumulative	
Amhara region						
Oromia Region						
Beni. Gumuz Region						
SNNP Region						
Sidama Region						
SWEP Region						
MINISTRIES						
MoWIE						
MoF						
Total						

Annex II: Format for reporting Statement of Fund Flow of Finland Government contribution

MINISTRY OF FINANNCE
COWASH IV Program
Statement of Fund Flow
For the quarter ended ……..

Description	For The Quarter ETB	Cumulative For The Year ETB
OPENING BALANCE		
Add :		
Transfer from Finland Government		
Fund Available for use		
Less: Transfer and Expenditure		
Tigray Region		
Amhara region		
Oromia Region		
Beni. Gumuz Region		
SNNP Region		
Sidama Region		
SWEP Region		
Ministry of Water, Irrigation and Energy		
Ministry of Finance		
Total transfer		
Expenditures		
Bank Services Charges Incoming		
Bank Services Charges Outgoing		
Audit Fee		
Total transfer & expenditure		
closing balance		

Annex III: Format for reporting Consolidated Budget Vs Expenditure of Finland Government contribution (in ETB)

MINISTRY OF FINANCE
COWASH IV Program
Consolidated Budget Vs expenditure (in ETB)
For the quarter ended ……

Description	Current Quarter			Cumulative Current Year			Cumulative Project Life			Remarks
	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance	
	1	2	(1)-(2)	3	4	(3)-(4)	3	4	(3)-(4)	
Tigray Region										
Cost Category 1 – Investment (Institutional WASH)										
Detail by Goods, works, consultancy services, non-consultancy services and training										
Cost Category 2 –Capacity building										
Detail by Goods, consultancy services, non-consultancy services and training										
Cost Category 3-Operation costs										
Detail by Goods, consultancy services, non-consultancy services and training										
Cost Category 4-Contingency										
Detail by Goods, Works, consultancy services, non-consultancy services and training										
Total Tigray Region										
Amhara Region										

Description	Current Quarter			Cumulative Current Year			Cumulative Project Life			Remarks
	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance	
Cost Category 1 – Investment (Institutional WASH)										
Detail by Goods, works, consultancy services, non-consultancy services and training										
Cost Category 2 – Capacity building										
Detail by Goods, consultancy services, non-consultancy services and training										
Cost Category 3-Operation costs										
Detail by Goods, consultancy services, non-consultancy services and training										
Cost Category 4-Contingency										
Detail by Goods, Works, consultancy services, non-consultancy services and training										
Total Amhara Region										
Oromia Region										
Cost Category 1 – Investment (Institutional WASH)										
Detail by Goods, works, consultancy services, non-consultancy services and training										
Cost Category 2 – Capacity building										
Detail by Goods, consultancy services, non-consultancy services, training and operating cost										
Cost Category 3-Operation costs										
Detail by Goods, consultancy services, non-consultancy services and training										
Cost Category 4-Contingency										

Description	Current Quarter			Cumulative Current Year			Cumulative Project Life			Remarks
	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance	
Detail by Goods, Works, consultancy services, non-consultancy services and training										
Total Oromia Region										
Benishangule Gumz Region										
Cost Category 1 – Investment (Institutional WASH)										
Detail by Goods, works, consultancy services, non-consultancy services and training										
Cost Category 2 – Capacity building										
Detail by Goods, consultancy services, non-consultancy services and training										
Cost Category 3-Operation costs										
Detail by Goods, consultancy services, non-consultancy services and training										
Cost Category 4-Contingency										
Detail by Goods, Works, consultancy services, non-consultancy services and training										
Total Benishangule Gumuz Region										
SNNPR										
Cost Category 1 – Investment (Institutional WASH)										
Detail by Goods, works, consultancy services, non-consultancy services and training										
Cost Category 2 – Capacity building										
Detail by Goods, consultancy services, non-consultancy services, training and operating cost										
Cost Category 3-Operation costs										
Detail by Goods, consultancy services, non-consultancy services and training										
Cost Category 4-Contingency										
Detail by Goods, Works, consultancy services, non-consultancy services and training										
Total SNNPR Region										

Description	Current Quarter			Cumulative Current Year			Cumulative Project Life			Remarks
	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance	
Sidama Region										
Cost Category 1 – Investment (Institutional WASH)										
Detail by Goods, works, consultancy services, non-consultancy services and training										
Cost Category 2 – Capacity building										
Detail by Goods, consultancy services, non-consultancy services and training										
Cost Category 3-Operation costs										
Detail by Goods, consultancy services, non-consultancy services and training										
Cost Category 4-Contingency										
Detail by Goods, Works, consultancy services, non-consultancy services and training										
Total Sidama Region										
SWEP Region										
Cost Category 1 – Investment (Institutional WASH)										
Detail by Goods, works, consultancy services, non-consultancy services and training										
Cost Category 2 – Capacity building										
Detail by Goods, consultancy services, non-consultancy services and training										
Cost Category 3-Operation costs										
Detail by Goods, consultancy services, non-consultancy services and training										
Cost Category 4-Contingency										
Detail by Goods, Works, consultancy services, non-consultancy services and training										
Total SWEP Region										

Annex IV: Format for reporting statement of designated account of Finland Government contribution

	Account Number:---------- National Bank of Ethiopia		
		EURO	Birr
1	OPENING BALANCE:		
2	ADD RECEIPTS:		
	Sub total		
3	LESS PAYMENTS		
	* Transfer to Birr a/c		
	* Travel advance		
	* Bank service charge		
	Sub total		
4	CLOSING BALANCE: ----------		
	Exchange gain/loss		
	Closing Balance at Closing Rate		

Annex V: Format for reporting Statement of Source & Uses of Fund of Finland Government contribution

Ministry of Finance
COEASH IV Program
Statement of Sources and Use of Fund in Birr
For the quarter Ended xxxxx

Ser. No.	Name of Region	Beginning Balance	Prior Period Adjustment	Collection From GoF	Transfer From MoF	Exchange Rate Difference	Total Fund Available	Expenditure by Result					Ending Balance
								Cost Category 1. Investment	Cost Category 2. Capacity building	Cost Category 3. Operation costs.	Cost Category 4. Contingency	Total	
1	Tigray												
2	Amhara												
3	Oromia												
4	Benishangul Gumuz												
5	SNNPR												
6	Sidama												
7	SWEP												
8	MoWIE												
9	MoF-Admin.												
10	MoF- Held A/C												
	Grand Total												

Annex VI: Format for reporting Statement of Fund Flow: ETB Account of Finland Government Contribution

Ministry of Finance COWASH IV			
Statement of fund flow			
Birr Account No.			
For the quarter ended ……			
Description	Total Until Previous Quarter ETB	For The Quarter ETB	Cumulative For The Year ETB
OPENING BALANCE			
Add :			
Transfer from			
Finland Government			
Fund Available for use			
Less: Transfer and Expenditure			
Regions			
Tigray			
Amhara			
Oromia			
Benishangul Gumuz			
SNNPR			
Sidama			
SWEP			
Ministries			
Ministry of Water, Irrigation & Energy			
Ministry of Finance			
Total transfer			
Expenditures			
Bank Services Charges Incoming			
Bank Services Charges Outgoing			
Audit Fee			
Total transfer & expenditure			
closing balance			

Annex VII: Format for Reporting Statement of Advance & payable Aging analysis of Finland contribution

Prepared separately by advances and Payables

Ministry of Finance (MoF) COWASH IV Program Aging Analysis of Advances/Payables As at xxxxxxx									
Region/Federal	Cumulative Advance	Cumulative Reported Expenditure	Ending Balance	%age of Cumulative Expenditure Transfer	|Aging of Un Settled Advances (Ending Balance)				A>24m
					A<3 m	3m>A<6m	6m>A<9m	12m<A<24m	
Regions									
Tigray									
Amhara									
Oromia									
BeneshaugulGumuz									
SNNPR									
Sidama									
SWEP									
Ministries									
MoWIE									
MoF									
Total									

Annex VIII: Fund utilization reporting from sector ministries & BoFEDs of Finland Government Contribution

XXX Federal Sector Ministry/Regions COWASH IV Program Fund Utilization Report For the quarter ending ----------xxxx																	
Ser. No.		Beginning Balance	Prior Period Adjustment	Transfer From MoF	Total Fund Available	Expenditure by Cost Category					Expenditure by Category					Ending Balance
						Cost Category 1. Investment(Institutional WASH)	Cost Category 2. Capacity building	Cost Category 3. Operation costs	Cost Category 4. Contingency	Total	Works	Consultancy Service	Non-consulting service	Training & Workshop	Operating Cost	
1	Woreda															
1.1	A															
1.2	B															
1.3	C															
Total																
2	Zone															
2.1	A															
2.2	B															
2.3	C															
Total																
3	Regional Bureau															
3.1	Water															
3.2	Health															
3.3	Education															
3.4	BoFED/BoFEC															
3.5	RSU															
3.6	BoWCYA															
3.7	MSE															
Total																
Grand Total																

XXX Federal Sector Ministry/Regions
COWASH IV Program
Fund Utilization Report
For the quarter ending ----------xxxx

Ser. No.		Ending Balance	Detail of Ending Balances			
			Cash in hand	Cash at Bank	Advances	Payables
1	Woreda					
1.1	A					
1.2	B					
1.3	C					
Total						
2	Zone					
2.1	A					
2.2	B					
2.3	C					
Total						
3	Regional Bureau					
3.1	Water					
3.2	Health					
3.3	Education					
3.4	BoFED/BoFEC					
3.5	RSU					
3.6	BoWCYA					
3.7	MSE					
Total						
Grand Total						

Annex X: Format for reporting Consolidated Budget Vs Expenditure of Finland Government contribution (in ETB) from BoFEDS to MoF

XXXXRegion COWASH IV Program Consolidated Budget Vs expenditure (in ETB) For the quarter ended ……										
Description	Current Quarter			Cumulative Current Year			Cumulative Project Life			Remarks
	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance	
	1	2	(1)-(2)	3	4	(3)-(4)	3	4	(3)-(4)	
XXX Region										
Cost Category 1 – Investment (Institutional WASH)										
Detail by Goods, works, consultancy services, non-consultancy services and training										
Cost Category 2 –Capacity building										
Detail by Goods, consultancy services, non-consultancy services and training										
Cost Category 3-Operation costs										
Detail by Goods, consultancy services, non-consultancy services and training										
Cost Category 4-Contingency										
Detail by Goods, Works, consultancy services, non-consultancy services and training										
Total Tigray Region										

Annex XI: Format for reporting Statement of budget allocation transfers and expenditures by Sectors and Categories (in Birr) from BoFEDs to MoF

Ser. No.	Program Implementer	Sector/Office	Cost Category	EFY XXX Budget	Transfer for the Year	Expenditure to date	Expenditure by Categories to date				
							Works	Goods	consultancy service	Training	Operating Cost
1	Woreda X	Health Office	Institutional WASH								
		Education Office	Institutional WASH								
		Total									
2	Woreda Y	Health Office	Institutional WASH								
		Education Office	Institutional WASH								
		Total									
1-2	Total Woredas	Health Office	Institutional WASH								
		Education Office	Institutional WASH								
		Total									
1	Zone X	Health Office	Institutional WASH								
		Education Office	Institutional WASH								
		Finance Office	Operation Costs								
		Total									
2	Zone Y	Health Office	Institutional WASH								
		Education Office	Institutional WASH								
		Finance Office	Operation Costs								
		Total									
1-2	Total Zones	Health Office	Institutional WASH								
		Education Office	Institutional WASH								
		Finance Office	Operation Costs								
		Total									

Ser. No.	Program Implementer	Sector/Office	Cost Category	EFY XXX Budget	Transfer for the Year	Expenditure to date	Expenditure by Category to date				
							Works	Goods	consultancy service	Training	Operating Cost
1	Water Bureau	Water	Capacity Building								
			Operation Costs								
			Contingency								
			Total								
2	Health Bureau	Health	Capacity Building								
			Operation Costs								
			Contingency								
			Total								
3	Education Bureau	Education	Capacity Building								
			Operation Costs								
			Contingency								
			Total								
4	Finance Bureau	Finance	Capacity Building								
			Operation Costs								
			Contingency								
			Total								
5	RSU		Capacity Building								
			Operation Costs								
			Contingency								
			Total								
6	BoWCYA		Capacity Building								
			Operation Costs								
			Contingency								
			Total								
7	MSE		Capacity Building								
			Operation Costs								
			Contingency								
			Total								
1-7	Total Bureaus		Capacity Building								
			Operation Costs								
			Contingency								
			Total								

Ser. No.	Program Implementer	Sector/Office	Cost Category	EFY XXX Budget	Transfer for the Year	Expenditure to date	Expenditure by Categories to date				
							Works	Goods	consultancy service	Training	Operating Cost
1	Regional Total	Water	Capacity Building								
			Operation Costs								
			Contingency								
			Total								
2		Health	Institutional WASH								
			Capacity Building								
			Operation Costs								
			Contingency								
			Total								
3		Education	Institutional WASH								
			Capacity Building								
			Operation Costs								
			Contingency								
			Total								
4		Finance	Capacity Building								
			Operation Costs								
			Contingency								
			Total								
5		RSU	Capacity Building								
			Operation Costs								
			Contingency								
			Total								
6		BoWCYA	Capacity Building								
			Operation Costs								
			Contingency								
			Total								
7		MSE	Capacity Building								
			Operation Costs								
			Contingency								
			Total								
Grand Total at Regional Level			Institutional WASH								
			Capacity Building								
			Operation Costs								
			Contingency								
			Total								

Annex XII: Government of Finland Fund request format from BoFEDs to MoF

COMMUNITY - LED ACCELERATED WASH PROJECT GOF FUND TRANSFER REQUEST FORMAT

Quarter GOF Fund Request for : _____ of 201___ EFY **Region ----------**

COWASH - IV Regional Implementers	GoF Fund Planned for the Budget Year	GOF Fund Quarter Request in ETB	Cumulative GoF Fund to date in ETB		Difference in ETB	Performance in %
			Transfer/Received from MoF	Expenditure		
			A	B	C=A-B	B/A*100
BoW						
BoH						
BoE						
BoFED						
BoWCY						
BoMSE						
RSU						
Total						
Zones						
Zone 1						
Zone 2						
Zone 3						
Total						
Woredas						
Woreda 1						
Woreda 2						
Woreda 3						
Total						
Grand Total						
BoW						

~~BoFED Head~~ ~~Signature~~ ~~Date~~

N.B-: As usual this Format will be send with official cover letter.

Annex XIII: Format for reporting Statement of Advance & payable Aging analysis of Finland Government Contribution

Separately Prepared in Advances/Payables

XXX Federal sector ministries/Regions *COWASH IV Program* *Aging Analysis of Advances/Payables* For the quarter ended----------							
Expenditure code	**Description**	**Total Advances/ payables**	**Aging of Un Settled Advances (Ending Balance)**				**A>24m**
			A<3 m	3m>A<6m	6m>A<9m	12m<A<24m	
Total							

Annex XIV: Government reporting formats reported by Federal sector Ministries and Regions of Finland Government Contribution

(A) Detail Expenditure Report

m¼£
ME/HE

Capital Expenditure Report

wR _____
Month _____

ymNG|T m¼b@t$ |M _____ mlÃq$_R _____
Name of Public Body: Code
yPéG‰Ñ |M _____ mlÃq$_R _____
Name of Program: Code
y|‰ KFl# |M _____ mlÃq$_R _____
Name of Sub Agency: Code
yN;#S PéG‰Ñ |M _____ mlÃq$_R _____
Name of Sub Program: Code
yPéjKt$ |M _____ mlÃq$_R _____
Name of Project: Code
yÍYÂNS MNu _____ mlÃq$_R _____
Source of Finance: Code
yÆNK £œB q$_R _____
Bank Account Number:

y£œB mdB Account Code	*y£œB mGlÅ* *Account Description*	*XSk ²Ê ÃlW wÀ* *YTD Expenditure*	
		Áb!T *Debit*	*KÊÄ!T* *Credit*
6111	Ìl¸ \‰t®C dmwZ Salaries to permanent staff		
6112	Imk§kÃ \‰êET dmwZ Salaries to military staff		
6113	I÷NT‰T \‰t®C MNÄ Wages to contract staff		
6114	IqN \‰t®C MNÄ Wages to casual staff		
6115	IWu y÷NT‰T \‰t®C MNÄ Wages to external contract staff		
6116	I\‰t®C y¸drg# ytlÃ† KFÃãC Miscellaneous payments to staff		
6121	Ìl¸ \‰t®C xbL Allowances to permanent staff		
6122	Imk§kÃ \‰êET xbL Allowances to military staff		
6123	I÷NT‰T \‰t®C xbL Allowances to contract staff		
6124	IWu y÷NT‰T \‰t®C xbL Allowances to external contract staff		
6131	Ìl¸ \‰t®C y-#r¬ mêô Government contribution to permanent staff pension		
6132	Imk§kÃ \‰êET xÆ§T y-#r¬ mêô Government contribution to military staff pensions		
6211	IdNB LBS½ lLBS½ lF‰>Â xLU LBS Uniforms, clothing, bedding		
6212	Ix§qE yb!é :”ãC Office supplies		
6213	I?TmT Printing		

6214	lx§qE y?KMÂ :”ãC Medical supplies		
6215	lx§qE yTMHRT :”ãC Educational supplies		
6218	ll@lÖC x§qE :”ãC Other material and supplies		
6219	ltlÃ† mœ¶ÃãCÂ mÚ?FT Miscellaneous equipment		
6221	lGBRÂ½ ldN XÂ lÆHR GB›èC Agriculture, forestry and marine inputs		
6222	lXNSúT ?KMÂ y¸ÃglGl# x§qE :”ãC XÂ mDhn!èC 'Veterinary supplies and drugs		
6223	lMRMR XÂ lL¥T x§qE :”ãC Research and development supplies		
6224	lõR mœ¶ÃÂ _YT Ammunition and ordinance		
6231	lWlÖ xbL Per diem		
6232	lT‰NS±RT KFÃ Transport fees		
6233	lmStNGì Official entertainment		
6241	lt>kRµ¶ãC XÂ ll@lÖC mÙÙÏãC :DúT XÂ _gÂ Maintenance and repair of vehicles and other transport		
6242	lxWéP§N XÂ jLÆãC :DúT XÂ _gÂ Maintenance and repair of aircraft and boats		
6243	lP§NT½ l¥>n¶ XÂ lmœ¶Ã :DúT XÂ _gÂ Maintenance and repair of plant, and machinery, and equipment		
6244	l?NÉ½ lq$úq$S XÂ ltgÈÈ¸ãC :DúT XÂ _gÂ Maintenance and repair of buildings, furnishings and fixtures		
6245	lm\rt L¥T :DúT XÂ _gÂ Maintenance and repair of infrastructure		
6246	lw¬d‰êE L¥T :DúT XÂ _gÂ Maintenance and repair of military equipment		
6251	bWL y¸f]Ñ yÑÃ xgLGlÖèC Contracted professional services		
6252	lk!‰Y Rent		
6253	l¥S¬wqEÃ Advertising		
6254	lx!N¹#‰NS Insurance		
6255	lunT Freight		
6256	lxgLGlÖT KFÃãC Fees and charges		
6257	lx@l@KT¶K xgLGlÖT KFÃ Electric charges		
6258	lt&l@÷Ñn!k@>N xgLGlÖT KFÃ Telecommunication charges		
6259	lW`½ ±S¬ XÂ ll@lÖC xgLGlÖT KFÃãC Water and other utilities		
6271	lxgR WS_ |L-Â Local training		
6272	lWu xgR |L-Â External training		
6281	lm-ÆbqEÃ MGB KMCT Stocks of food		
6282	lnÄJ KMCT Stocks of fuel		
6283	ll@lÖC ym-ÆbqEÃ KMCT Other stocks		

6311	It>kRµ¶ãC XÂ Il@lÖC XNdt>kRµ¶ §l# mÙÙïãC mGÏ Purchase of vehicles and other vehicular transport		
	y¸øR DMR Balance Carried Forward		

y£œB mdB Account Code	*y£œB mGlÅ* *Account Description*	*XSk ²Ê ÃlW wÀ* *YTD Expenditure*	
		Áb!T *Debit*	*KÊÄ!T* *Credit*
	yør DMR *Balance Brought Forward*		
6312	lxWéP§ñC½ ljLÆãC w.z.t. mGÏ Purchase of aircraft, boats, etc.		
6313	lP§NT½ l¥>n¶ XÂ lmœ¶Ã mGÏ Purchase of plant, machinery and equipment		
6314	l?NÉ½ lq$úq$S XÂ ltgÈÈ¸ãC mGÏ Purchase of buildings, furnishings and fixtures		
6315	lqND kBèC XÂ l¥ÙÙÏ y¸Wl# XNSúT mGÏ Purchase of livestock and transport animals		
6316	lw¬d‰êE mœ¶ÃãC mGÏ Purchase of military equipment		
6325	lw¬d‰êE xgLGlÖT l¸Wl# GNÆ¬ãC Construction for military purposes		
6412	ltÌäC XÂ DRJèC XRÄ¬½ mêôÂ D¯¥ Grants, contributions and subsidies to institutions and enterprises		
6414	l›IM xqF DRJèC mêô Contributions to international organizations		
6416	lGlsïC XÂ DRJèC µœ Compensation to individuals and institutions		
6417	lGlsïC XRÄ¬ XÂ Sõ¬ Grants and gratuities to individuals		
6419	L† L† KFÃãC Miscellaneous payments		
	DMR ¼wd £œB ¥m²z¾¼ **Total (To Trial Balance)**		

(B) Detail Receivable Report

m¼£
ME/HE

ytsBúb! £œïC ¶±RT

Receivables Report

wR _____
Month _____

ymNG|T m¼b@t$ |M
Name of Public Body: _____ mlÃq$_R Code _____

yPéG‰Ñ |M
Name of Program: _____ mlÃq$_R Code _____

y|‰ KFl# |M
Name of Sub Agency: _____ mlÃq$_R Code _____

yN;#S PéG‰Ñ |M
Name of Sub Program: _____ mlÃq$_R Code _____

yPéjKt$ |M
Name of Project: _____ mlÃq$_R Code _____

yÍYÂNS MNu
Source of Finance: _____ mlÃq$_R Code _____

yÆNK £œB q$_R
Bank Account Number: _____

y£œB mdB Account Code	*y£œB mGlÅ* *Account Description*	*XSk ²Ê ÃlW wÀ* *YTD Expenditure*	
		Áb!T *Debit*	*KÊÄ!T* *Credit*
4201	L† L† QD¸Ã KFÃãC Suspense		
4202	y_Ê gNzB g#DlT Cash Shortage		
4203	l\‰t®C QD¸Ã KFÃ Advance to Staff		
4204	y¥~b‰êE zRF L¥T PéG‰M QD¸Ã KFÃ Advance for SSDP		
4205	k¸q_lW ›mT bjT l\‰t®C QD¸Ã KFÃ Advance for Staff from next year's budget		
4206	k¸q_lW ›mT bjT lmdb¾ wÀ QD¸Ã KFÃ Advance for recurrent expenditures from next year's budget		
4207	k¸q_lW ›mT bjT lµpE¬L wÀ QD¸Ã KFÃ Advance for Capital expenditures from next year's budget		
4208	lKLlÖC QD¸Ã KFÃ Advance to regions		
4209	lÆlbjT m¼b@èC l@lÖC QD¸Ã KFÃãC Other advance to BI		
4210	bmNG|T m|¶Ã b@T WS_ l@lÖC QD¸Ã KFÃãC Other advances within government		
4251	l|‰ tl‰ôC QD¸Ã KFÃ Advance to contractors		
4252	lx¥µ¶ãC QD¸Ã KFÃ Advance to Consultants		
4253	l:” xQ‰b!ãC QD¸Ã KFÃ Advance to suppliers		
4254	kmNG|¬êE m¼b@èC Wu ll@lÖC QD¸Ã KFÃãC Other advances outside government		

y£œB mdB Account Code	*y£œB mGlÅ* *Account Description*	*XSk ²Ê ÃlW wÀ* *YTD Expenditure*	
		Áb!T *Debit*	*KÊÄ!T* *Credit*
4271	lgbÊ ¥~b‰T Peasant associations		
4272	l?BrT |‰ ¥~b‰T Cooperatives		
4273	lGlsïCÂ lGL DRJèC Individuals and private organization		
4274	l@lÖC Others		
	DMR ¼wd £œB ¥m²z¾¼ Total to Trial Balance		

(C) Detail Payables Report

m¼£
ME/HE

ytkÍY £œïC ¶±RT

Payables Report

wR _____
Month _____

ymNG|T m¼b@t$ |M _____ mlÃq$_R _____
Name of Public Body: Code
yPéG‰Ñ |M _____ mlÃq$_R _____
Name of Program: Code
y|‰ KFl# |M _____ mlÃq$_R _____
Name of Sub Agency: Code
yN;#S PéG‰Ñ |M _____ mlÃq$_R _____
Name of Sub Program: Code
yPéjKt$ |M _____ mlÃq$_R _____
Name of Project: Code
yÍYÂNS MNu _____ mlÃq$_R _____
Source of Finance: Code
yÆNK £œB q$_R _____
Bank Account Number:

y£œB mdB Account Code	*y£œB mGlÅ* *Account Description*	*XSk ²Ê ÃlW wÀ* *YTD Expenditure*	
		Áb!T *Debit*	*KÊÄ!T* *Credit*
5001	yCé¬ g!z@ tkÍY £œïC Grace period payables		
5002	L† L† tkÍY £œïC Sundry Creditors		
5003	y-#r¬ mêô tkÍY £œïC Pension Contribution Payable		
5004	ydmwZ tkÍY £œïC Salary Payable		
5006	êEZ çLÄ!NG ¬KS With-holding Tax		

y£œB mdB Account Code	*y£œB mGlÅ* *Account Description*	*XSk ²Ê ÃlW wÀ* *YTD Expenditure*	
		Áb!T *Debit*	*KÊÄ!T* *Credit*
5021	l\‰t®C tkÍY £œïC Due to Staff		
5022	ks.z.S.P lg.x@.L. ¸¼R tkÍY £œïC Due to MoFED for SSDP		
5023	k¸q_lW ›mT bjT k\‰t®C lgNzBÂ x!÷ñ¸ L¥T ¸¼R tkÍY £œïC Due to MoFED for Staff from next year's budget		
5024	k¸q_lW ›mT bjT kmdb¾ wÀ lgNzBÂ x!÷ñ¸ L¥T ¸¼R tkÍY £œïC Due to MoFED for recurrent expenditures from next year's budget		
5025	k¸q_lW ›mT bjT kµpE¬L wÀ lgNzBÂ x!÷ñ¸ L¥T ¸¼R tkÍY £œïC Due to MoFED for Capital expenditures from next year's budget		
5026	lKLlÖC tkÍY £œïC Due to regions		
5027	l@lÖC lg.x!.L. ¸¼R tkÍY £œïC Other payables to MoFED		
5028	bmNG|T m|¶Ã b@T WS_ l@lÖC tkÍY £œïC Other Payables within government		
5051	yg#M„K mÃÏãC Custom deposits		
5052	yFRD b@T mÃÏãC Court deposits		
5053	yçSpE¬L mÃÏãC Hospital deposits		
5054	l@lÖC mÃÏãC Other deposits		
5061	y÷NT‰T mÃÏãC Retention on contract		
	DMR ¼wd £œB ¥m²z¾¼ Total to Trial Balance		

(D) Transfer Report

m¼£ 24

ygNzB ZWWR £œB ¶±RT

Transfer Report

wR. _____
Month _____

ymNG|T m¼b@t$ |M
Name of Public Body: _____ mlÃq$_R Code _____

yPéG‰Ñ |M
Name of Program: _____ mlÃq$_R Code _____

y|‰ KFl# |M
Name of Sub Agency: _____ mlÃq$_R Code _____

yN;#S PéG‰Ñ |M
Name of Sub Program: _____ mlÃq$_R Code _____

yPéjKt$ |M
Name of Project: _____ mlÃq$_R Code _____

yíYÂNS MNu
Source of Finance: _____ mlÃq$_R Code _____

yÆNK £œB q$_R
Bank Account Number: _____

y£œB mdB Account Code	*y£œB mGlÅ* Account Description	*XSk ²Ê ÃIW ZWWR* YTD Balance	
		Áb!T Debit	*KÊÄ!T* Credit
4001	ymdb¾ dmwZÂ xbL Recurrent Salary and allowances		
4002	ymdb¾ |‰ ¥Sk@© WÀ Recurrent Operating Expenditure		
4003	yµpE¬L dmwZÂ xbL Capital Salary and allowances		
4004	yµpE¬L |‰ ¥Sk@© wÀ Capital Expenditure		
4005	I\‰t®C QD¸Ã KFÃ Staff Advances		
4006	I¥~b‰êE zRF L¥T PéG‰M fND SSDP funds		
4007	yCé¬ g!z@ tkÍY Grace Period Payables		
4008	bÆlbjT m¼b@èC XÂ¼wYM bKLlÖC mµkL Between BI and/or region		
4009	I@lÖC ygNzB ZWWéC Other cash transfers		

y£œB mdB Account Code	*y£œB mGlÅ* Account Description	*XSk ²Ê ÃlW ZWWR* YTD Balance	
		Áb!T Debit	*KÊÄ!T* Credit
4010	bÆlbjT m¼b@èC Between BI		
4011	gNzB nK ÃLçn mdb¾ dmwZÂ xbL Transfer BOFED to WoFED,ZoFEDs, BoW,BoH and BoE		
4052	gNzB nK ÃLçn mdb¾ |‰ ¥Sk@© wÀ Recurrent Operating Expenditure : non-cash		
4053	gNzB nK ÃLçn yµpE¬L dmwZÂ xbL Capital Salary and allowances: non-cash		
4054	gNzB nK ÃLçn yµpE¬L |‰ ¥Sk@© wÀ Capital expenditure: non-cash		
4055	l@lÖC gNzB nK ÃLçn# ZWWéC Other non-cash transfer		
	DMR ¼wd £œB ¥m²z¾¼ Total /To Trial Balance/		

(F).Trial Balance

m¼£
ME/HE

y£úB ¥m²z¾

Trial Balance

y£œB mdB Account Code	y£œB mGlÅ Account Description	Áb!T Debit	KÊÄ!T Credit
(	›Ñ` ¨<eØ Ñu=' °`Ç⍰' wÉ` H>dw ]þ`ƒ Revenues/Assistance/Loan: (From Revenue/Assistance/Loan Report)		-
(	wÀãCÝ(Expenditures:		
(	mdb¾ wÀ ¼kmdb¾ wÀ £œB ¶±RèC DMR¼ Recurrent expenditure (Total of Recurrent Expenditure Reports)		
(	yµpE¬L wÀ ¼kµpE¬L wÀ £œB ¶±RèC DMR¼ Capital expenditure (Total of Capital Expenditure Reports)		
(	ZWWéC ¼kgNzB ZWWR £œB ¶±RèC DMR¼ **Transfers:** (from Transfer Report)		
(	tsBúb! £œïC ¼ktsBúb! £œB ¶±RèC DMR¼ **Receivables**: (from Receivables Report)		
(	tkÍY £œïC ¼ktkÍY £œB ¶±RT¼ **Payables:** (from payables Report)		
(	l@tR åF KÊÄ!èC ¼b£œB mdB kx-”§Y mZgB¼ **Letters of Credit:** (by account code-from General Ledger)		
5601	ytÈ‰ hBT ¼kx-”§Y l@jR¼ Net Assets/Equity (form General Ledger)		
	_Ê gNzBÂ y_Ê gNzB Xk#L êU Ã§cW ¼ b£œB mdB kx-”§Y l@jR¼ **Cash & Cash Equivalents** (by account code-from General Ledger)		
4101	bœ_N Ãl gNzB		
4102	bÆNk Ãl yWu MN²¶ gNzB Cash at bank in foreign currency		
4103	bÆNK Ãl gNzB በቢሮዎች Cash at bank		
4105	bÆNK Ãl gNzB በወረዳዎችና ዞኖች ባንክ Cash at bank (at woredas and Zones bank)		
	ÉU` Total		