

GHANA SECOND COMMUNITY WATER AND SANITATION PROJECT

PROCEDURES FOR DISBURSING FUNDS TO DAs/COMMUNITIES (Specimen Format # 6)

DRAFT PROPOSAL (Rcaminha)

DAs will screen Sub-project proposals from diverse communities. Once a set of subprojects have been screened by DAs and approved/confirmed by CWSD, DAs will request the required funds from CWSD, which operates the Central Special Account (CSA) and Government Counterpart Account (GCA) at central level.

Based on the list transmitted by the DAs, CWSD will transfer exact amounts from CSA and from GCA, to DA project account, in local currency, for immediate transfer to the beneficiary accounts. In addition to this amount, CWSD may provide some fund allowance to each participant DA to be transferred to its own accounts for financing activities related to training and technical assistance for beneficiaries.

The District Assembly account will be a transit account, from which funds will immediately be disbursed to Beneficiary accounts, on the basis of the list of Sub-projects approved by DA and confirmed by CWSD.

The amount to be transferred to each community account is that one mentioned in the Sub-project and Financing Agreement. If this amount is less than (to be defined), DA will transfer the funds to community's bank account in one lump sum. If the amount is greater, it will be transferred in installments as stated in the referred agreement. For transferring funds to the bank accounts of the approved community, the DA accountant will require neither documentation from these groups nor particular payments from the CWSD accountant. The transfers will be made solely on the basis of the list of the approved subprojects, and on the actual availability of funds transferred from CWSD's accounts.

Process of preparing the application for the replenishment of CSA starts at the District level. As soon as payments to the community accounts have been made, and other project expenditures under DA responsibility have been done, DA accountant prepares a Statement of Expenditure (SOE) enclosing the bank statements showing the debit advice and some relevant information on each of funded subproject, such as, name of community, sub-project cost etc (SOE specimen format needs to be prepared). DA accountant sends SOE data as well as the required accountant information (bank statements) to CWSD. Upon receipt of the DAs' documents CWSD accountant unit will reconcile the CSA with the District reports and fill out a standard replenishment application (Form 1903). This application will be submitted to the Bank for the replenishment of the Special Account.

Flowchart on the above process would be useful.

Beneficiaries communities are requested to maintain simple financial records and storing receipts for all transactions, whether made in cash or from the bank account. This simplified bookkeeping system and financial records would be available for audits and day to day verification .(see specimen format annex)

In order to facilitate the implementation of uniform practice, CWSD should provide all the beneficiary community with standard materials for maintaining financial records (Cash Book/Bank Records) and storing receipts (Box Folders). CWSD would provide, along with participant DAs, comprehensive training for communities on filling the forms for Cash Book/Bank Record.

In summary, CWSD would open a Special Account in US dollars. After the initial deposit of the authorized amount in the Special Account, funds for approved sub-projects would be transferred directly to District Assembly Project Account. Disbursement would be made on the basis of statements of expenditures (SOEs), except for goods and works exceeding US\$15,000 – 20,000, where contracted by communities or US\$100,000 where contracted by DAs. The information required for compilation SOEs would be maintained by DA accountants. Beneficiary contribution to Sub-project investments would be defined in the Agreement between DA and the community entity and would be computed as part of the counterpart finance of the Project.

The financial management system of the CWSD and DAs should be reviewed during appraisal for adjustment to the new procedures.