

# CAP Mozambique

## Strengthening Leading Mozambican NGOs and Networks

Litchi

### Financial Management Training for CBO's Guidebook Intermediate Level

English Version  
Maputo  
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**CAPABLE**  
PARTNERS PROGRAM  
Mozambique



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b.	Week.....	49
c.	Month.....	49
d.	Year.....	49
7.	A cash reconciliation compares (circle all letters that are correct).....	49
8.	A cash reconciliation should be done (circle all letters that are correct).....	49
9.	Segregation of duties: (circle all letters that are correct).....	49
Chapter 3: Cash Reconciliation 4 hours.....		50
Session 3.1.....		53
Ticking Session: Or why we need to tick when we.....		53
Activity 1: Compare List A with List B , no ticking or writing anything down.....		54
Activity 2: Compare List A with List B , only make tick marks next to numbers in List A.....		56
Activity 4: Discussion. 59		
Session 3.2.....		60
Cash Monitoring Register.....		60
Activity 1: Monitoring Cash Daily 60		
Session 3.3.....		65
April Cash Reconciliation: Comparing physical cash and cash book.....		65
Activity 1: Discovering a problem 66		
Activity 2: Possible reasons that the cash and cash book might be different.....		67
Activity 3: Looking for math mistakes.....		68
Activity 4: Correcting a math error 68		
Session 3.4:.....		71
Comparing Receipts with Entries in the Cash Book and Cash Advance Reports.....		71
Activity 1: Preparing for the Reconciliation.....		72
Activity 2: Reconciling the cash book with the receipts.....		73
Activity 3: Correcting a Mistake 75		
Session 2.5.....		78
'Show your ledger' game.....		78
Session 2.6.....		80
End of Chapter 3 Review.....		80
Chapter 4: Bank Reconciliation 2:45.....		83
Session 4.1.....		86
What is a Bank Reconciliation?.....		86
Session 4.2.....		88
How to do a Bank Reconciliation.....		88
Activity 7: Review 96		
Session 4.3.....		98
When Bank Statements and Bank Books Do Not Agree.....		98
Six Reasons Why the Bank Statement and Bank Book May Not Agree.....		99
Session 4.4.....		105
April Bank Reconciliation.....		105
Session 4.5.....		112
End of Chapter 4 Review.....		112
1.	True or False.....	113
a)	<u>F</u> The bank book is the book the bank keeps.....	113
2.	When you do a bank reconciliation, (Circle all letters that are correct).....	113
3.	When a transaction in the bank statement has no tick next to it, it means (Circle	
	all letters that are correct) 113	
4.	When you do a bank reconciliation, (Circle all letters that are correct).....	114
a.	You should compare the 'total' columns.....	114
b.	<del>You correct entry errors and math errors that you find in the bank book.....</del>	114
c.	<del>You find differences between the bank book and the bank statement.....</del>	114
d.	If something appears in the bank statement, but not in the bank book, you enter	
	it in the bank reconciliation form. 114	
e.	<del>If something appears in the bank book, but not in the bank statement, you enter</del>	
	it in the bank reconciliation form. 114	

5.	<i>If a check does not appear in the bank statement for January and February,</i>	
(Circle all letters that are correct)	114	
Chapter 15 Annex 1: Extra Practice Exercise		115
Chapter 5: Trial Balance	4:45	117
Session 5.1		121
Introducing a Trial Balance		121
Session 5.2		128
May Trial Balance		128
Session 5.3		137
Why is a Trial Balance Important?		137
Session 5.4		150
June Trial Balance: Finding and Correcting Errors		150
Session 5.5		155
End of Chapter 5 Review		155
Annex 1: Extra Trial Balance Exercise 1		157
Accounts Packet for Extra Trial Balance Exercise 1		157
Annex 2: Extra Trial Balance Exercise 2		166
Accounts Packet for Extra Trial Balance Exercise 2	5. Annex 1	166
Chapter 6 Financial Reporting	4:00	177
Session 6.1		179
Why Provide Financial Reports?		179
Session 6.2		183
May Financial Report Example		183
Session 6.3		192
June Financial Report		192
Session 6.4		202
End of Chapter 6 Review		202
Chapter 7: Donor Contracts and Multiple Donors	4:30	204
Session 7.1		207
Following the rules in a donor contract		207
1)	Understand everything in a donor agreement before you sign it.	207
Session 7.2		214
Managing Finances with Multiple Donors		214
Session 7.3		218
July: Two Donor Simulation		218
CNCS Books and Ledgers	227	
Session 7.4		242
End of Chapter 7 Review		242
1.	What kinds of things will you find in a donor contract? Circle all that are correct	
	243	
a-	<del>Length of time of the agreement</del>	243
Chapter 8 Training Review	4:30	245
Session 8.1		248
Situations that Challenge Financial Integrity		248
Session 8.2	250	
Questions in a hat	250	
Session 8.3	253	
Quick Questions	253	
Session 8.4		255
Final Questions		255
Session 8.5		257
Developing a Training Plan		257
Evaluation of Training		258

## **About the Program for Building Capacity in Basic Financial Management:**

To provide much needed tools for helping CBOs strengthen their financial management skills, CAP has developed a capacity building program in Basic Financial Management for CBOs. This program provides training of trainers and comprehensive supervision and monitoring tools to help capacity builders explain financial management in ways accessible for people with little formal education and to do the follow-up coaching that is so necessary to ensure that CBOs apply what they learn. The program is based on basic principles of financial management: transparency, clarity, accountability, and encourages CBO participants to implement these practices.

### **Flexibility**

The training Manual is designed to allow flexibility for the user to adapt according to the experience of participants and the time available.

## **Acknowledgements:**

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This training manual was piloted several times with CBOs. Their feedback on how to improve the prior versions of the manual was incorporated in this version. This manual also incorporates various comments and inputs from several AED CAP Mozambique staff and consultants.

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## ACRONYMS

CAP	-	Capable Partners Program
CBO	-	Community Based Organization
FBO	-	Faith Based Organization
IRD	-	International Relief and Development
NGO	-	Non-Governmental Organization
OVC	-	Orphans and Vulnerable Children
PEPFAR	-	President's Emergency Plan for AIDS Relief
TA	-	Technical Assistance
TOT		Training of Trainers
USAID	-	United States Agency for International Development
USG	-	United States Government

## **OVERVIEW of the Manual**

### **I. LITCHI Manual for Financial Management Training For CBOs**

This manual is designed to help field workers train emerging CBOs in basic and correct procedures for recording financial transactions and preparing financial statements. In addition to demonstrating the steps, this program is designed to help CBO board of directors and staff understand core financial management principles, and the reasons why these are good practices, whether managing a business or a non profit organization or an association. This understanding of “why” helps people make on the spot decisions about how to maintain good practices in situations not anticipated in the training. The structure of the manual is designed to be simple and user- friendly.

It begins by explaining the logistical and administrative issues for the participants and captures participants’ expectations. The proceeding chapters identify the principles of financial management and include practical excercises. that are used to simply the learning process.

It allows the CBO trainer to know how to elaborate a budget and to record expenses, estimate costs and analyze budgets, maintain the asset register. It also explains how the income ledger, cash book, bank book, advance book, bank reconciliation and trial balance are used and their importance.

The manual is a master training tool that is used in the training of trainers and works hand in hand with the two other related training guides namely the: Training of Trainers Guide and the CBO Handbook.

### **II. Training Of Trainers (TOT)**

This is a step by step training guide that is developed to be used by the trainers during the training of CBOs. This guide is divided into four modules which include the basic and intermediate skills training and coaching techniques. Depending on the focus of the training, the trainer is able to take with him/her the relevant module and will only refer to the master manual (Litchi) when there is a need to do a reference check.

### **III. CBO HandBook**

This is a reference book to support the CBO staff who have participated in the training, to help them apply the acquired financial management skills into the organization. It is an on the job learning reference book that includes practical excercises that help CBO staff in doing simplified accounting.

In summary the Basic Financial Manangement training package constitutes of 1) the Litchi Manual for training of trainers, 2) The TOT which is a training Guide for the trainers when conducting training for CBO and 3) the CBO handbook which is the reference book for the CBO.



## Intermediate Skills

### Chapter 1 Introduction

2 hours

Session 1.1: Introduction	40 minutes
Session 1.2: Expectations	20 minutes
Session 1.3: Three ways to give feedback	15 minutes
Session 1.4: Participants verify contents of their 'kits'	15 minutes
Session 1.5: Angels	5 minutes
Session 1.6 End of Chapter 12 review	30 minutes

### Prior to the training course:

Preparation:

A) Post the flip charts with the 6 main training points on the wall, where they should stay for the entire duration of the training.

1. Spend money only on things that are in the budget and that directly support project activities (accountability)
2. Spend only the amount in each budget category, not more (accountability)
3. 'If you want to change the budget (spend more or spend on something not included, first ASK FOR PERMISSION' and wait until you get an answer IN WRITING. (accountability)
4. Have a valid receipt for every expense, and file them neatly (transparency and clarity)
5. When money changes hands, both people should sign a receipt (transparency)
6. Several people should be involved in the process of authorizing a purchase, making the purchase and recording the purchase in the ledgers. (segregation of duties)
7. Make sure the CBO leadership, the CBO members and the donors all understand the financial reports (transparency)

B) Create and Post the flip chart 'Review Questions' (or 'checking in') on the wall of the training room, in clear sight of all participants. It should stay visible for the entire length of the training. It should read:

<b>Review Questions:</b>
<ul style="list-style-type: none"><li>• List 1-2 questions you still have about the content of our session</li><li>• List what has been most valuable</li><li>• What subjects would you like to spend more time on?</li><li>• What still doesn't make sense...</li><li>• Is there anything that we suggested you do, that you don't think you can do? What is it and why do you think it won't work for your CBO?</li></ul>

## Session 1.1

### Introduction

LEARNING OBJECTIVES	
<b>By the end of this session, participants will:</b>	
→	Know one another.
→	Be familiar with any logistical and administrative issues.
→	Understand and be able to follow the norms they have established.

Learning Time	Facilitator's Materials
40 minutes	Preparation Materials: plastic envelopes with each participant's course materials in it Flip charts: The daily schedule on a flip chart

SESSION OVERVIEW	
<b>Activity 1</b>	Introduction of participants and trainers (15 minutes).
<b>Activity 2</b>	Ice Breaker" (10 minutes).
<b>Activity 3</b>	Q&A on logistics and administrative issues (10 minutes).
<b>Activity 4</b>	Participants receive their course materials.
<b>Activity 5</b>	Group Norms (15 minutes).

#### Key Points

The main idea behind this session is:

- 1) for people to get to know each other.
- 2) for people to have their logistical questions answered.
- 3) to establish group norms of behavior during the training.

#### Activity 1: Introduction of Participants and Trainers

##### Step one: Trainers introduce themselves.

The trainers warmly greet the participants and briefly introduce themselves (name, professional experience, where they are from, etc).

### **Step Two: Participants write their names on paper.**

Ask the participants to fold a piece of paper in half and write their names on one half, large enough so the people across from them can see their names, and place the paper in front of them so their name is visible to everyone.

### **Step three: Participants interview each other in pairs.**

Ask the participants to break into pairs and talk about themselves for 5 minutes, then switch. At the end, have each partner introduce the other, to the whole group. Possible topics to discuss:

1. their occupation,
2. if they have a family,
3. what they enjoy doing.

After each person has had a 2.5 minutes to talk, have each person introduce their partner to the rest of the group.

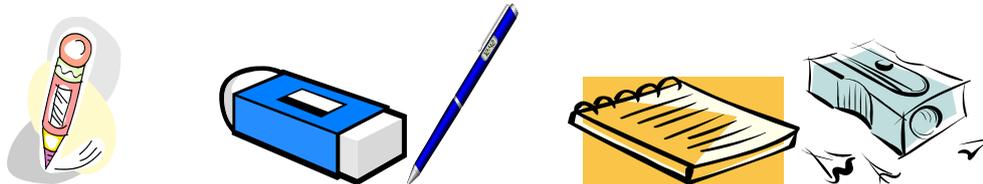
### **Activity 2: “Ice Breaker Participants make a circle and sit on each other’s laps**

- Ask participants to make a circle, each one facing the back of the person in front of them. The circle must be very tight, so that each person can sit back on the lap of the person behind them, keeping their hands on the shoulders of the person in front of them.
- Practice three times sitting down and getting up, without fully putting the full weight on the person behind. Then, the fourth time, have the group sit down all the way on the person behind them, and then when everyone is balanced, they can remove their hands and spread out their arms.

### **Activity 3: Q&A Logistics and Administrative Issues**

- After the ice breaker, present the necessary logistic information, such as the training room, location of bathrooms, accommodation, and transport. Ask the participants if they have questions or comments.

### **Activity 4: Participants receive their plastic envelope that has their pencils and pens, eraser, notebook, name tag.**



Ask participants to find their plastic envelope in their kit and familiarize themselves with the contents of it.

**!Please fill out and put on your name tag**

## **Activity 5: Group Norms**

### **Step One: A volunteer writes down norms as participants call them out**

Ask a volunteer to come to the front of the room to write down the norms of the training, as the participants call them out.

“The training norms’ are the answer to the question: “what helps create a positive learning environment?” and can include, for example:

- Do not drink alcohol during the training
- Be on time
- Only one person should speak at a time
- Put your phone on silence
- Respect the ideas of others (all ideas are valid)

### **Step Two: Discuss the impact on the training when norms are not followed.**

### **Step three (optional): determine consequences for breaking the norms**

Some group like to do this, other’s do not.

Example: the offending person has to sing a song to the group

Note: occasionally there is a group that wants to be able to answer their cell phones during the training. This is very disruptive and should be discouraged by the trainer. As the trainer, you can dictate that cell phones must be on silent and answered only on breaks.

## Session 1.2

### Expectations

LEARNING OBJECTIVES	
<b>By the end of this session, participants will be able to:</b>	
→	Communicate their expectations for the training.
→	Name the objectives of the training.
→	Classify which of their expectations will or will not be realized during the training.
→	Determine ways that some expectations could be realized outside the training.

Learning Time	Facilitator's Materials
20 minutes	<p><b>Materials:</b> A4 paper cut in half, several sheets for each participant.</p> <p><u>Facilitator Materials:</u> Participant Topic Agenda, one for each participant</p> <p><b>Preparation:</b></p> <p>On one wall, post a piece of A4 paper that says 'will be covered' and on another wall, post a piece of A4 paper that says 'will not be covered.'</p> <p><u>Flip Chart:</u> Financial Management.</p>

SESSION OVERVIEW	
<b>Activity One</b>	<b>Understanding the financial management flip chart and training agenda.</b>
<b>Activity Two</b>	<b>Discussing Expectations.</b>

#### Key ideas:

- Understanding the training agenda helps participants have realistic training expectations.
- Some expectations will be met.
- Other expectations will not be met.
- Some expectations might be met in the follow up provided by their donor.

## Financial Management

Financial Management is to

- ✓ Help you spend your money the way you intend (accountability)
- ✓ Keep clear, organized records to show how much you have spent and how much you have left to spend (clarity)
- ✓ Report to the members how the Association money was spent. (transparency)
- ✓ Keep records to show how you spent your money (what you spent your money on) (transparency)
- ✓ Keep your money safe from (or minimize) mistakes, theft and fraud
- ✓ Show donors that you have properly used their money (accountability)
- ✓ Help you plan for the future

### **Activity One: Understanding the financial management flip chart and training agenda**

#### **Step One: Reading the flip chart**

Ask the participants to volunteer to read the Financial Management Flip Chart out loud, as well as the training agenda handout.

#### **Step Two: Reading the training agenda**

**Ask Participants to read the training agenda handout out loud.**

Are there any questions?

#### **Step Three: Clarify the content of the training**

Lead a discussion on the content of the training and make sure the participants understand the training contents:

- Bank reconciliation
- Trial Balance
- Dealing with donors and multiple donors
- Financial Reports
- Budget Management

### **Activity Two: Discussing Expectations**

#### **Step1 Trainer clarifies what is an expectation**

**Who can give me an example of an expectation, something you want to learn from this course?**

**Can anyone give me another example?**

#### **Possible answers:**

- I want to learn how to keep your CBO money safe
- I want to learn how to keep good records

#### **Step2 Participants write down their expectations**

- One expectation per sheet of paper
- Do not write down your name

**Step 3: Collect the papers , mix them up and hand them back**

**Step 4: participants read the expectation they were handed and determine if it is realistic**

After each expectation is read, ask

**Do you think this particular expectation will be met?**

Affirm the participants with the correct answer.

**Step 5: Distinguishing realistic from unrealistic expectations**

If an expectation is within the scope of the training, place it on the wall under 'Will be achieved'.

! if their topic is specific, show them on the agenda when their topic will be addressed.

If an expectation is NOT within the scope of the training, place it on the wall under Will NOT be achieved and discuss where they might be able to meet their training need.

## Session 1.3

### Three ways to give feedback

LEARNING OBJECTIVES	
<b>By the end of this session, participants will be able to:</b>	
→	explain the three ways to give feedback during the course..

Learning Time	Facilitator's Materials
15 minutes	<p><b>Preparation</b></p> <p><u>Participant Materials:</u> Collectors and Reporters (one per participant) Review Questions</p> <p><u>Facilitator Materials</u> none</p> <p><u>Flip Charts:</u> Collectors and Reporters Sign Up Sheet Collectors and Reporters Review Questions</p>

SESSION OVERVIEW	
The trainer will explain the three ways participants can give feedback during the training.	
1).	The flip chart :Review Questions which was hung on the wall prior to the start of the training, will be explained.
2).	'collectors and reporters' will be chosen for each day of the training, and they will sign a signup sheet that will be placed on the wall.
3).	The post training written review will also be explained.

#### Key Ideas:

#### There are three ways to give feedback during the training

- 1) Daily written feedback, called 'review questions'.
- 2) Talk to the designated collectors and reporters and give them your verbal feedback.
- 3) Fill out the training evaluation at the end of the training.
- 4) Honest feedback is important to us, because we use it to improve the training.
- 5) if a participant does not understand something, it is because we did not explain it well enough.

Handout: Collectors and Reporters:

Collectors and Reporters	
<p>Your Role:                      To be available to participants for input into the course as we go along                      To reflect on how the day went, keeping in mind</p> <ul style="list-style-type: none"> <li>• Participation</li> <li>• Pacing (did things move to fast? Too slow?)</li> <li>• Balance of new and familiar content</li> <li>• Language (could everyone understand? Is the terminology clear?)</li> <li>• Logistics</li> </ul> <p>At the end of the day, prepare your report with the other observer based on feedback from other participants and your own observations during the day. The report should be no longer than 10 minutes long and will be given at the beginning of the morning session. You might want to make your observations on this sheet.</p>	

Signup sheet		collectors and reporters	
Day one	1		
	2		
Day two	1		
	2		
Day three	1		
	2		
Day four	1		
	2		

**Introduce the idea that feedback is an important part of the training**

It is not the fault of the participants if the material is not understood, it is the trainers' responsibility. But the trainer cannot make things clearer unless the participants speak up when there is a question.

There are three different ways you can give us formal feedback during the training.

**Activity 1: Understanding Collectors and Reporters**

**Step 1: Explain collectors and reporters**

- The collectors and reporters are two people who volunteer for one day

- They gather your comments and feedback, along with their own reflections
- They create a little report that will be presented the next day, in the morning.

**Step 2: Reading the collectors and reporters hand out**

Who would like to read the handout: Collector and Reporter of feedback?  
 (after the handout is read, ask if there are any questions or comments)

**Step 3: Ask for volunteers to be collectors and reporters for each day of the training**

- Two people must sign up per day
- Have them sign their names on the signup sheet
- Post the signup sheet on a wall where it will stay during the training

**Activity 2: Understanding the Daily Review Questions**

**Step One: Reading the flip chart: Daily Review Questions**

Now the second way to give feedback is written feedback, at the end of certain sessions.

Ask a volunteer to read the flip chart on the wall : Review Questions

Review Questions:
<ul style="list-style-type: none"> <li>• List 1-2 questions you still have about the content of our session</li> <li>• List what has been most valuable</li> <li>• What subjects would you like to spend more time on?</li> <li>• What still doesn't make sense...</li> <li>• Is there anything that we suggested you do, that you don't think you can do? What is it and why do you think it won't work for your CBO?</li> </ul>

You will be asked to answer any of these questions that seem relevant to you, in writing, a few times during the training.

You don't have to put your name on the paper, unless you want to.

Are there any questions about this kind of written feedback you will be giving us?

**Activity 3: Understanding the end of training evaluation**

The Third type of feedback you will give will be at the end of the training, and it will be a written evaluation of the entire training.

Are there any questions?

## Session 1.4

### Participants review the contents of their 'kits'

<b>LEARNING OBJECTIVES</b>	
<b>By the end of this session, participants will have:</b>	
→	verified that their kits are complete. If a participant is missing a binder, they will receive a replacement binder.

Learning Time	Facilitator's Materials
15 minutes	<p><b>Preparation:</b> Before the training, all of the participants must be contacted to confirm if they still have the complete contents of their 'kit' from the last training. If they are missing a binder, a replacement binder must be prepared so they can participate in the training.</p> <p>Materials:     Extra calculators to loan the people who are missing theirs.</p> <p>Facilitator Materials: Sign out sheet for participants who borrow a calculator.</p>

<b>SESSION OVERVIEW</b>	
<b>Activity One</b>	Participants verify the contents of their 'kits'.
<b>Activity Two</b>	Participants verify they have their calculator..

#### **Key Points:**

- The participant's kits from the 'basic skills' training have all the materials for the 'intermediate skills' training.
- Any participant missing a binder will be supplied with a replacement binder.
- Any participant missing their calculator which was supplied in Basic Skills, will be loaned a calculator for the duration of the training.

**Introduction:**

In this session you are going to look in your bag of course materials, and make sure you have all the binders you need.

**Activity 1: Participants verify the contents of their kits**

**Step one:** Post the ‘participants binders’ flip chart on the wall.

**Step two:** Go through each binder one by one and ask each participant to find that particular binder.

**Step three:** Make a note of which participants are missing which binders.

**Step four:** Supply the participants with replacement binders.

**Activity 2: Participants verify they have their calculator**

**Step one:** Ask participants to show their calculator.

**Step two:** Make a note of which participants do not have their calculator.

**Step three:** Loan the participants in need, replacement calculators (have them sign a sign-out sheet for the calculators they borrow).

## Session 1.5: Guardian Angels

Objective: For Participants to feel special, have something to look forward to each day, and have the opportunity to also support other participants.

Time: 5 minutes to introduce the activity at the beginning of the training

15 minutes to expose the angels at the end of the training

Preparation time: 20 minutes

### Preparation:

- 1) Write each participant's name and each trainer's name on a separate piece of paper and fold it up so no one can see the name written. (everyone involved in the training, including logistic staff, should be part of this activity).
  
- 2) Create and decorate a box for the angels to leave messages/gifts for the people they are protecting.

### Explanation

- 1) 'Angels' is an on-going activity throughout the length of the training.
  
- 2) At the beginning of training, each participant receives the name of another participant written on a piece of paper.
  
- 3) The name they receive is a secret that they cannot tell anyone. Each participant is an 'angel' to the person whose name they received.
  
- 4) Each day, during the course of the training, the angels write messages and possibly leave gifts, to the person they are 'looking out for' or 'protecting' and place these messages in a special box.
  
- 5) At the end of the training, everyone tries to guess who their angel was. Then they find out.
  - a. On the last day of the training, ask everyone to stand up and hold the arm of the person they 'suspect' is their angel.
  
  - b. Then: after everyone is holding the arm of the person they suspect is their angel, ask all the Angels to stand in back of the person they were protecting, and place their hands on the shoulders of the person they were protecting.

The last step is to invite participants to share their experience of the activity.

## Session 1.6

### End of Chapter 1 Review

LEARNING OBJECTIVES	
<b>By the end of this session, participants will have:</b>	
→	reviewed the main ideas of the chapter.

Learning Time	Facilitator's Materials
30 minutes	<b>Preparation:</b> none <b>Materials:</b> Participant Materials: End of Chapter 12 review Flip Chart: End of Chapter 12 review

SESSION OVERVIEW	
<b>Activity One</b>	Participants complete their 'end of chapter review' handout.
<b>Activity Two</b>	Facilitator goes over the correct answers with the participants.

#### **Introduction: Facilitator explains the activity**

Find your handout 'end of Chapter 12 review'

You have 15 minutes to complete it

After 15 minutes we will review your answers

#### **Activity One: Participants fill in their end of chapter review handout**

#### **Activity Two: Facilitator reviews the answers with the participants**

**Step One:** post the end of chapter 11 review flip chart on the wall.

**Step Two:** Call volunteers up the front to fill in the correct answers.

Discuss the correct answers and the incorrect answers.

Make sure to participants understand why a statement is false, or why a multiple choice answer is correct.

**End of Chapter 12 Review: Introduction to Intermediate Skills Training**

**1. The three ways to give feedback during the training are: (fill in the blanks)**

A. Collectors and Reporters\_\_\_\_\_.

B. Review Questions\_\_\_\_\_ at the end of the day.

C. A Written Evaluation\_\_\_\_\_ at the end of the training.

**2. What are three things you would like to learn in this training?**

- 1) \_\_\_\_\_
- 2) \_\_\_\_\_
- 3) \_\_\_\_\_

<b>Chapter 2 Review of Basic Skills</b>	<b>5:45</b>
Session 2.1: Principles Review	60 minutes
Session 2.2: Elements	60 minutes
Session 2.3: Segregation of Duties Review	60 minutes
Session 2.4: Cash Advance Review	45 minutes
Session 2.5: Reviewing the Ledgers	40 minutes
Session 2.6: Review of How to correct mistakes in ledgers	45 minutes
Session 2.7: End of Chapter 13 review	30 minutes

## Session 2.1

### Review of Principles of Financial Management

LEARNING OBJECTIVES	
<b>By the end of this session, participants will be able to:</b>	
→	identify how they have demonstrated the principles of financial management in their CBOs since the Basic Skills Training.
→	also identify ways in which they can continue to demonstrate these principles in the future.

Learning Time	Facilitator's Materials
One hour	<p><b>Materials:</b>  <u>Flip charts:</u>            Transparency            Clarity            Accountability .</p> <p>Blank flip chart paper</p> <p><b>Participant Materials:</b> Worksheet on Financial Principles</p>

SESSION OVERVIEW	
<b>Introduction</b>	Facilitator leads a discussion on what principles have been applied in the CBOs and how this has impacted the CBO
<b>Activity One</b>	CBOs discuss how the principles are working in their CBOs.
<b>Activity Two</b>	CBOs present their discussions to the whole group.

#### Key Ideas:

- The three Principles of transparency, accountability and clarity are demonstrated through activities and procedures
  
- There are things we can do to increase our transparency, accountability and clarity

**Introduction: Facilitator asks CBOs to give a few examples of**

In this session you are going to identify ways in which your CBO has put into practice the three financial principles that you learned about in the last training.

**Who can name the three financial principles?**

(as the participants name the principles, put the flip charts on the wall).

**Who can give me an example of how your CBO is more transparent than it was before the Basic Skills Training?**

Possible response: now we have cash book so we can all see how we have spent our money.

Good, now, who can give me an example of how your CBO demonstrates its accountability

Possible response: We spend only money that is in the budget.

**Who can give me an example of how your CBO demonstrates more clarity than before you took the basic skills training?**

Possible response: We keep all our receipts in the receipt file, with the most recent on top.

**Activity One : CBOs discuss how the principles are working in their CBOs**

**Step One:** Hand out blank flip chart paper to each CBO.

**Step Two:** Participants locate their ‘worksheet on Financial Principles’ in their materials for session 13.1.

**Step Three:** Participants break up into small groups by CBO.

**Step Four:** Facilitator explains the activity:

- First, each CBO will discuss how they are currently demonstrating the three principles of transparency, accountability and clarity in their CBO.
- Then, each CBO will identify how they can increase their CBO’s transparency, accountability and clarity. Try and think of three ways for each principle.
- Once you have completed the worksheet, you can copy it onto a flip chart and present your work to the whole group.

**Step Five:** CBOs have 30 minutes to discuss, fill in their worksheet and write on their flip chart.

**Activity Two: CBOs present their discussions to the whole group**

**Step One:** Each CBO presents back to the group

- How it is presently demonstrating the 3 principles &
- Any activities it would like to start doing, which would demonstrate the three principles.

**Step Two:** After each group presents, the other CBOs can comment and ask for clarification.

**Are there any similarities among the presentations?  
What are the differences?**

## Session 2.2

### Review of Elements

Note: these first two activities are slightly modified from session 3.1

LEARNING OBJECTIVES	
<b>By the end of this session, participants will:</b>	
→	understand the elements of the financial system, and how they are grouped in categories.

Learning Time	Facilitator's Materials
One hour	<u>Participant Materials</u> <ul style="list-style-type: none"> <li>• Elements of the financial system (from session 3.1)</li> <li>• Participant's 'kits' with all the binders</li> </ul> <u>Flip Charts:</u> <ul style="list-style-type: none"> <li>• Categories of the elements of the financial system</li> <li>• Blank flip chart paper for the ledger review game, activity 3</li> </ul>

SESSION OVERVIEW	
<b>Activity 1</b>	Facilitator presents flip chart examples of all the ledgers, registers, documents, sample receipts, reconciliations and reports will be placed on the wall. The trainer will lead the group around the room to review all the various forms that are used in the training.
<b>Activity 2</b>	Facilitator reviews the different binders in the participants 'kit' and links them to the flip charts already seen on the walls.
<b>Activity 3</b>	Participants play Ledger Review Game, where they break into two teams and each team has to name the different ledgers.

#### Key Ideas

- 1) The main documents used in this system, (the heart of this system), are the bank book, cash book, cash advance report, income ledger and expense ledger.
- 2) In this training we introduce the bank reconciliation which is in the bank statement/bank reconciliation
- 3) In this training we also introduce the trial balance/financial report
- 4) In this training the participants bring the 'kits' from 'basic skills training' because it contains all the materials the participants need for intermediate skills training, too.
- 5) If a participant is missing one of their materials, this session can help the participant identify which materials are missing so that the facilitator can provide them with the missing ones.

## Preparation & Materials

2 weeks before the training, the participants need to be asked if they have all of their materials from ‘Basic Skills Training’.

If a participant is missing one of their materials, the facilitator can bring an extra one.

It is a good idea to bring extra copies of all the materials for whom ever is missing one but did not communicate it.

Categories of the elements of the financial system
<ul style="list-style-type: none"> <li>• Ledgers</li> <li>• Registers</li> <li>• Documents</li> <li>• Receipts</li> <li>• Reports</li> <li>• Reconciliations</li> </ul>

Flip Chart Examples of the following:

- **Documents** – budget, contract (see flip chart made for this session), financial policies/manual (see flip chart made for this session),
- **Ledgers** – bank book, cash book, income ledger, expense ledger,
- **Registers** - check register, asset register, equipment movement register, cash monitoring register,
- **Miscellaneous Forms** - Cash advance report, three quotes, purchase request, internal receipt, cash transfer receipt,
- **Receipts** – Cash Receipt, cash advance receipt and check receipt (see flip chart made for this session),
- **Reconciliations** – cash reconciliation (see flip chart made for this session), bank reconciliation, trial balance,
- **Reports** - financial report.

**In addition, for Activity 2: the flip chart “Participant binders”**

### Preparation

Place each of the following flip charts, grouped together as shown below, on different walls of the room. Place the groups in the same order as below.

Group	Examples
Documents	budget, contract, financial policies/manual
Ledgers	bank book, cash book, , income ledger, expense ledger cash advance
Registers	check register, asset register, equipment tracking register, cash monitoring register
Miscellaneous Forms	three quotes, purchase request, internal receipt, cash transfer receipt

<b>Group</b>	<b>Examples</b>
Receipts	Cash, check, cash advance
Reconciliations	Cash reconciliation, bank reconciliation, trial balance
Reports	financial report

### **Introduction:**

In the financial system you are going to learn, there are some basic documents, forms, ledgers, registers, receipts, reconciliations and reports that are the main tools or components of a financial system. In this session, we are going to introduce you to these elements. You don't have to remember what they are all for. We have a handout that explains them and you will learn more about them in the coming days.

### **Activity 1: Walk around the room and introduce each grouping of flip charts:**

Lead the participants around the room and stop in front on each grouping of flip charts. Facilitate a brief discussion on each group of flip charts (forms, ledgers, registers, etc) and then walk the participants to the next area to look at the next group of flip charts.

At each group of flip charts, start with the following questions:

1. Which of these documents are you currently using in your CBO?
2. Which of these are new? (*bank reconciliation, trial balance and financial reports will be new and are taught in this training*).

### **Trainer's note:**

Do not spend too much time explaining the various forms; this session is merely a brief review, and an introduction to the three main activities (bank reconciliation, trial balance, financial report) they will be taught in this training.

### **Activity 2: Introduce participants to the contents of their Kit (bag with participant training materials)**

**Step One:** Put up the flip chart 'Participant Binders'

Everyone has their kit? Let's look at the contents of the kit.

**Step two:** Pull out one binder at a time and ask the participants what is the name of this binder?

What color is this binder?

Have we seen an example of this binder when we walked around the room looking at the elements of the financial system?

*(the answer is yes to all binders except the participants' general binder/workbook and the receipt binders)*

As participants tell you what color the binder is, write it on the flip chart. For example, if the bank book is in a thin black binder, write 'thin & black in the column next to 'bank book'

In this training we will not be using the register's book,

But we will be using the bank reconciliation part of the bank strata/bank reconciliation book and the trial balance/financial report book, neither of which we used in the last training, Basic Skills.

This flip chart should stay up on the wall for the entire training to help people know which binder is which.

### **Activity three: Participants Play 'Ledger review Game'**

**Step One:** Introduce the game and explain the rules;

- There are two teams.
- The facilitator reads the questions printed on the flip chart table
- Each team has to answer as many of their own questions correctly, as possible.
- If they answer incorrectly, the other team gets a chance to answer their question.
- Each correct answer gets one point.

**Step Two:** Break the group up into random teams and post a blank flip chart on the wall to record the scores

**Step three:** Each team must pick a name. Write the teams names on the flip chart

**Step four:** Play the game.

**Step five:** Once the teams have finished answering the questions, tally the scores and say which team won.

Some questions have several correct answers.

If both teams answer a question incorrectly, the facilitator can give them one of the right answers (if there are several).

However do not mention all the right answers (that are in gray below) as that would ruin the other questions that have those same answers.

	Questions for Team X		Questions for Team Y
1	Name a ledger used in this system (Bank Book or Cash Book or Expense Ledger or Income Ledger)	2	Name another ledger used in this system (Bank Book or Cash Book or Expense Ledger or Income Ledger)
3	Name a type of receipt used in this system (Cash receipt, check receipt, or cash advance receipt)	4	Name another type of receipt used in this system (Cash receipt, check receipt, or cash advance receipt)
5	Name another type of receipt used in this system (Cash receipt, check receipt, or cash advance receipt)	6	Name a register used in this system (check register, asset register, equipment tracking register, cash monitoring register)
7	Name another ledger used in this system (Bank Book or Cash Book or Expense Ledger or Income Ledger)	8	Name another ledger used in this system (Bank Book or Cash Book or Expense Ledger or Income Ledger)
9	Name another register used in this system (check register, asset register, equipment tracking register, cash monitoring register)	10	Name another register used in this system (check register, asset register, equipment tracking register, cash monitoring register)
11	Name another register used in this system (check register, asset register, equipment tracking register, cash monitoring register)	12	When you give a cash advance, (steps one), in which ledger is it recorded? (cash book)
13	When someone brings back the change from a cash advance, where does the change get recorded? (cash book and step 3 of cash advance)	14	When someone brings back receipts from a cash advance, what two places do they get recorded? (cash advance step 2 and expense ledger)
15	When you take cash from the bank, what two ledgers do you record this in? (bank book and cash book)	16	When you take money from the bank what do you write in the description column of your bank book and cash book? (transfer to cash)
17	If you pay your activists with money from your safe, which two places do you record this? (cash book and expense ledger)	18	If you pay your rent with a check, which two places do you record this? (bank book and expense ledger)
19	If your bank account receives money from a donor, which two places do you record this? (income ledger and bank book)	20	Where do you record your real cash and your cash book balance every day? (cash monitoring register)
21	Which receipt do you fill out when you take out cash from the bank and put it in the safe? (Transfer of cash receipt)	22	Which receipt do you use when you pay for something but the supplier doesn't have a receipt? (internal receipt)

Explain the difference between a ledger and a register.

- A ledger is a record of how money was spent, it records the movement of money.
- A register is a record of the details of something.

Review the four ledgers in this system: Cash Book, Bank Book, Expense Ledger, and Income Ledger.

How does a cash book and bank book record the movement of money? (in the in and out columns- each time money enters or leaves the CBO or is transferred between the bank and cash)

How does an expense ledger record the movement of money? (we record the receipts, which document the movement of money out of the CBO – how the money was spent and how much)

How does an income ledger record the movement of money?(we record how much money has come into the CBO and from whom)

**Registers:**

There are four registers in this system: what are they?

(asset register, equipment movement register, check register and cash monitoring register)

Going back to our definition of register, what details does each of these registers record?

**Asset Register:** records each asset a CBO has, description, when it was bought, original price, where it is, and who paid for it (name of donor or the CBO, if it was purchased with the organization's self raised funds).

**Equipment Movement Register:** What asset has left the CBO, for where, with whom, when it was returned.

**Check register:** amount of check, for whom is the check, who signed the check, who took the check, who prepared the check.

**Cash monitoring register:** the amount of cash in the safe, the balance of cash as written in the cash book, any difference between the two, and the signature of the person who reconciled the cash.

## Session 2.3

### Review of Segregation of Duties

LEARNING OBJECTIVES	
<b>By the end of this session, participants will be able to:</b>	
→	identify why segregation of duties is important, and the problems it helps avoid.

Learning Time	Facilitator's Materials
One hour	<b><u>Participant Materials</u></b> CBO Policies/authorization schedule handout from basic skills training session 6.8 (reprinted as 13.3 in their general binder.)

SESSION OVERVIEW	
<b>Activity One</b>	CBOs discuss how segregation of duties is working in their CBO.
<b>Activity Two</b>	CBOs present back to the group a summary of their discussion.

#### **Key Ideas:**

Segregation of duties is important in financial management.  
CBOs should do their best to follow their authorization schedule.

#### **Introduction:**

In the last training, called Basic Skills, we talked about the importance of segregation of duties.

**Who remembers what segregation of duties is?** It is when you divide up a task into different parts and involve different people, so no single person has all the control or power.

#### **Who can give me an example of segregation of duties?**

The person who requests a purchase cannot be the same person who authorizes it. And/or the person who signs a check should not be the same person who takes the check to the bank to withdraw money.

#### **Who can give me an example of how your CBO is putting segregation of duties, into practice?**

#### **Activity One: CBOs discuss how segregation of duties is working in their CBO**

**Step One:** break up the group by CBOs.

**Step two:** Participants locate their 'segregation of duties/authorization schedule' handout from Basic Skills training, session 6.8.

**Step Three:** explain the activity:

- Each CBO will discuss how segregation of duties and the authorization schedule they created in the last training, is currently being applied in their CBO.
- CBOs will discuss any obstacles they encountered to implementing segregation of duties

**Activity two: CBOs present back to the group a summary of their discussion**, including their own authorization schedule.

What are the similarities and differences between the CBOs presentations of their experience with the authorization schedule?

## Session 2.4

### Cash Advance Review

<b>LEARNING OBJECTIVES</b>	
<b>By the end of this session, participants will be able to:</b>	
→	does all the necessary bookkeeping to record a cash advance in the cash advance report, the expense ledger and the cash book.

Learning Time	Facilitator's Materials
45 minutes	<b>Materials/Preparation</b> Tape or glue, one per CBO A4 paper, one per CBO Envelopes, one per CBO  <u>Facilitator Materials:</u> Putting the steps in order (one per CBO)

<b>SESSION OVERVIEW</b>	
<b>Activity One</b>	CBOs play a game in which they have to put in correct order the different steps of the cash advance.
<b>Activity Two</b>	The winning CBO (who does it the fastest) comes to the board and fills in the correct steps on the cash advance and cash book flip charts.

#### **key ideas:**

In the Cash advance:

- the money in step one is recorded in cash book
- the receipts recorded in step 2 are also recorded in the expense ledger
- the change recorded in step 3 is also recorded in the cash book

Facilitator Materials: Putting the steps in order (one per CBO)

#### Preparation:

For each CBO, prepare and cut up document 13.4, 'Putting the steps in order';

Be careful! Cut up each document along the dotted lines. Put each cut up handout in an envelope to keep them separate and ensure that each CBO gets all the slips and none are missing (there should be 15 slips for each CBO)

Do not mix the slips from one handout with the slips from another handout, because each CBO needs to get all the strips from Handout #13.4, for this game to work.

#### Flip Charts:

Cash Advance (blank)

Cash Book (Blank except starting balance 1000 meticaís)

Expense Ledger for communication (blank, except write in 800 as the total for the budget line, and 200 for the balance forward..

#### **Activity One: participants Play the 'Putting the steps in order' game**

**Step One:** explain the activity

- Each CBO gets an envelope with the 15 different steps of the cash advance process, cut out on strips of paper
- Each CBO must put the steps together in the correct order. The CBO who does this the fastest, wins. This CBO then demonstrates on the flip charts, the different steps.

**Step two:** Hand out the envelopes with the cut up strips

**Step three:** the CBOs start the game

**Step four:** when a CBO thinks they have completed the game correctly, evaluate their work to see if they have.

**Step five:** Declare a winner.

**Activity two: the winning CBO comes to the board and fills in the correct steps**

See below for the correctly filled out cash advance, expense ledger and cash book:

Correct Cash Book							
Date	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
		Balance Forward				1,000	
	Ana Maria	Cash Advance # 103			500	500	
	Ana Maria	Change from Cash Advance # 103	100			600	
		<b>Ending Balance</b>				<b>600</b>	
		<b>Total</b>	<b>100</b>		<b>500</b>		

Correct Advance Book							
Date	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
		Balance Forward				0	
	Ana Maria	Cash Advance # 103	500			500	
	Ana Maria	Giro 4 x 100		400	400	100	
	Ana Maria	Change from Cash Advance # 103			100	600	
		<b>Ending Balance</b>				<b>600</b>	
		<b>Total</b>	<b>500</b>	<b>400</b>	<b>500</b>		

Correct Cash Advance Report

**Step 1: Cash Advance**

<b>CASH ADVANCE</b>		
<b>Date:</b> : <u>July 12, 20--</u>	<b>N°:</b> <u>    </u>	
<b>Names:</b> <u>Ana Maria Salvador</u>	<b>Amount:</b> <u>Mt 500,00</u>	
<b>Description:</b> <u>Giro 4 x 100</u>		
<b>Check Number:</b> <u>Not Applicable</u>		
<b>Account Number:</b> <u>                    </u>	<b>Budget Line:</b> <u>Communication</u>	
<b>Advanced Amount in word:</b> <u>Five hundred meticaís.</u>		
<b>Prepared by:</b> <u>Ana Maria Salvador</u>	<b>Approved by:</b> <u>Eduardo Tivo</u>	<b>Received by:</b> <u>Ana Maria</u>

## Step 2: Reconciliation

RECONCILIATION	
Date : <u>12 July 20--</u>	N° : <u>2</u>
Names : <u>Ana Maria Salvador</u>	
Description : <u>Giro 4 x 100</u>	
<b>Budget Line : <u>Communication</u></b>	
<p>(1) Advanced Amount: <u>500</u></p> <p>(2) Total Expensed Amount: <u>400</u></p> <p>(3) Amount due CBO/Employee: <u>100</u></p>	<p>Step 1</p> <p>Step 2</p> <p>Step 3 = <b>Line (1) – Line (2)</b></p> <p><b>Note:</b> The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.</p>
Submitted by <u>Ana Maria Salvador</u>	Reviewed by _____
	Approved by <u>Eduardo Tivo</u>
<b>NB. Attach invoices/External justification document.</b>	

## Step 3: Record Receipts

Bill	Date	Payee/Vendor	Budget Line	Account Number	Amount	Description
	12 July 20-	MCel	Giro 4 x 100		400	Communication
<b>Total Receipts</b>					<b>400</b>	

## Correct Expense Ledger

Receipt #	Date	Description	Amount	Accumulated Total Spent	reconciled
		Balance forward		200	
	12 July 2008	4 Giro of 100 each	400	600	

## Session 2.5

### Reviewing the ledgers (cash, bank, income and expense)

<b>LEARNING OBJECTIVES</b>	
<b>By the end of this session, participants will be able to:</b>	
→	correctly fill in the income and expense ledgers, and make the appropriate corresponding entries in the cash and bank book and cash advance.

Learning Time	Facilitator's Materials
40 minutes	<p><b>Materials/Preparation:</b> Candy for the winning team</p> <p><b>Flip Charts:</b> 2 income ledgers, 2 cash books 2 bank books, 2 advance books 2 cash advance reports 6 expense ledgers 2 trial balances 10 white board markers</p>

<b>SESSION OVERVIEW</b>	
<b>Activity One</b>	Participants play the 'Fill in the ledger game' in which they break into two teams and compete to fill in the ledgers correctly.

#### Key Ideas

- In double entry accounting, each transaction gets recorded twice, once on each side of the accounts
- Transactions paid with cash get recorded in the cash book and expense ledger
- Transactions paid with checks get recorded in the bank book and expense ledger
- Transactions paid with a cash advance, get recorded in the expense ledger and the cash advance form, step two.
- The actual cash advance amount gets recorded in step one of the cash advance and the cash book
- The actual cash advance change gets recorded in step three of the cash advance and the cash book
- Income gets recorded in the income ledger and the bank book if it was put in the bank OR the cash book if it was put in the safe.
- When cash is withdrawn from the bank it is always recorded as a transfer to cash, in both the bank book and the cash book, no matter how the money will be spent.
- In the income and expense ledgers, the running total column does not get added up, each number is already a sum.

**Introduction:****Step 1: Facilitator explains how to prepare for the game and the rules of the game**

- We are going to play a game.
- Break into 2 teams.

Each team gets the following flip charts:

- Income ledger, three expense ledgers, cash book, bank book, cash advance.
- The expense ledgers are for communication, rent and activist incentives.
- Put the flip charts on the wall where you can fill them in.
- Put the cash book and bank book and cash advance flip chart on the left side, and put the income and the expense ledgers on the right side.

This is to help you remember your double entry accounting.

Your accounts have two sides, cash book, bank book and outstanding cash advance, and on the other side, income and expenses.

**Who can tell me the rule of double entry accounting?**

Every time you spend or receive money you have to register it twice, once on each side of the accounts.

**Step 2: Facilitator explains the rules of the game:**

- Each team will select 7 people to stand in front of a flip chart, and each person gets a white board marker.
- Each team will select a supervisor to ‘listen’ to the transaction make sure the team is working correctly
- When you hear a transaction that should be recorded in the flip chart you are in charge of, record that transaction in your flip chart.
- The team who makes no mistakes in recording the transactions, wins.

**If there are less than 8 people on each team, than some people can fill in more than one flip chart. For example, one person can fill in both the cash book and the bank book**

**Step 3: Facilitator asks participants to repeat the procedures and rules of the game.****Activity One: Participants play the ‘fill in the ledgers’ game****Step 1: Participants break into teams and post the flip charts on the wall correctly****Step 2: Participants fill in the opening balances.**

Tell the participants:

Description	Opening Balance	Total Budget
Bank Book	5,000	-----
Cash Book	3,000	-----
Income Ledger	9,000	38,000
Expense Ledger Rent	0	12,000
Expense Ledger Communication	200	3,000
Expense ledger Incentives	1,000	23,000

In the expense ledgers, make sure when they fill in the total budget, they do this at the top of the expense ledgers where it says “total for this line item” and that they do not write it in the ‘running total’ column within the ledger.

**Step 3: Facilitator calls out transactions and participants record them.** Note: You don't have to register receipt numbers for this exercise

Before beginning, remind participants that any time cash is taken from the bank it has to be recorded as a transfer to cash, in the bank book and cash book, no matter how the money is spent.

**Transactions:**

Repeat each transaction 3 times, slowly.

1. On August 1, your CBO gets a transfer of 12,000 meticaïs from CNCS, into your bank account.
2. On August 2, you withdraw 4,000 meticaïs and put it in your safe.
3. On August 3, you pay the landlord, Graça Machel, 2000 meticaïs for rent, with a check number 512.
4. On August 4 you give a cash advance # 19 to Luis Diego for 1,000 meticaïs.
5. On August 5 you get 200 meticaïs change from Luis Diego, and a receipt for M Cel 8 Giro, total 800 meticaïs .
6. On August 7<sup>th</sup>, you get another 9,000 meticaïs transferred into your bank account by CNCS.
7. On August 13, you take out 5,000 meticaïs from the bank and pay your activists IN CASH.
8. On August 15<sup>th</sup>, you pay 2000 meticaïs for your TDM bill with a check number 513
9. On August 22, your landlord comes and asks you to pay next months' rent early, as he has an emergency and needs the money. You give him 2,000 meticaïs out of the safe.

**Step 4: Each team does a trial balance and corrects their mistakes**

**Step 5: The Teams check each other's work**

If there are mistakes or differences, ask participants to decide which team did it correctly. If neither team did it correctly, and does not understand the nature of their mistake, the facilitator must explain how to do it correctly.

In an expense ledger, when the opening balance is 0, the monthly total is the same as the running total.

But when there is an opening balance of more than 0, the monthly total is less than the running total.

Make sure to use the manual to double check each team's work

Expect the teams to have trouble with the activist payment of 5000 that came out of the bank as cash, because it was not stated as a cash transfer. It should be recorded as a transfer to cash, in BOTH the bank book and cash book,

Then after it is recorded as a transfer to cash in the cash book, the actual payment to the activists, should be recorded in the cash book and the expense ledger.

It is three steps: 1) Money leaves the bank 2) Money enters the cash (safe) and 3) Money leaves the cash to pay the activists.

**Step 5: Announce the winning team**

Provide them with a prize (candy)

**Step 6: Ask the participants to summarize what they learned.**

Correct Cash Book							
Date	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
Aug 1		Balance Forward				2,800	
Aug 2	Bank	Transfer to cash	4,000			6,800	
Aug 4	Luis Diego	Cash advance #19			1,000	5,800	
Aug 5	Luis Diego	Change from cash advance #19	200			6,000	
Aug 13	Bank	Transfer to cash	5,000			11,000	
Aug 13	Activists	incentives		5,000	5,000	6,000	
Aug 22	Graça Machel	Rent September		2,000	2,000	4,000	
		<b>Ending Balance</b>				<b>4,000</b>	
		<b>Total</b>	<b>9,200</b>	<b>7,000</b>	<b>8,000</b>		

Correct Advance Book							
Date	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
Aug 1		Balance Forward				0	
Aug 4	Luis Diego	Cash advance #19	1,000			1,000	
Aug 5	Luis Diego	8 giro		800	800	200	
Aug 5	Luis Diego	Change from cash advance #19			200	0	
		<b>Ending Balance</b>				<b>0</b>	
		<b>Total</b>	<b>1,000</b>	<b>800</b>	<b>1,000</b>		

Correct Bank Book							
Date	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
		Balance Forward				5,000	
August 1	CNCS	grant	12,000			17,000	
Aug 2	cash	Transfer to cash			4,000	13,000	
Aug 3	Graça Machel	Rent, check #512		2,000	2,000	11,000	
Aug 7	CNCS	grant	9,000			20,000	
Aug 13	Cash	Transfer to cash			5,000	15,000	
Aug 15	TDM	Phone bill July Check #513		2,000	2,000	13,000	
		<b>Ending Balance</b>				<b>13,000</b>	
		<b>Total</b>	<b>21,000</b>	<b>4,000</b>	<b>13,000</b>		

Correct Income Ledger				Total budget 38,000 (a)	
Date	Description	Amount (b)	Total received (c)	Remaining Balance (d)=(a)-(c)	
	Balance forward		9,000	29,000	
August 1	CNCS	12,000	21,000	17,000	
August 7	CNCS	9,000	30,000	8,000	

Expense ledger		total for this budget line: 3,000 (a)			Communication	
Receipt #	Date	Description	Amount (b)	Accumulated Total Spent (c)	Remaining Total (d) = (a) - (c)	rec
		Balance forward		200	2,800	
	Aug 5	8 giro	800	1,000	2,000	
Check # 513	13 Aug	TDM bill July	2,000	3,000	0	
		<b>total</b>	<b>2,800</b>	<b>3,000</b>		

Expense ledger		total for this budget line: 12,000			<b>Rent</b>
Receipt #	Data	Description	Amount	Accumulated Total Spent	reconciled
		Balance forward		0	
	Aug 3	Graça Machel Rent for August	2000	2000	
	Aug 22	Rent for September	2000	4000	
		<b>total</b>	<b>4,000</b>	<b>4,000</b>	

Expense ledger		total for this budget line: 23,000			<b>Activist Incentives</b>
Receibo #	Data	Description	Amount	Accumulated Total Spent	reconciled
		Balance forward		1000	
	13 Aug	Activista Incentives	5000	6000	

Correct Cash Advance				
Step 1 Cash Advance			Step 3 Reconciliation	
1	Date August 4th, 2008		Row	
2	Amount in Words: One thousand		A	Total of receipts 800
3	Amount in number 1,000		B	Cash Returned 200
4	Cash Received by Luis Diego		A+B	Add Rows A+B 1000
5	Signature Luis Diego		C	Cash Taken 1000
6	Authorized by Eduardo Tivo			

Step 2 Register Receipts				
Date	Vendor	Description	Amount	Budget line
5 August 2008	MCel	Giro 8 x 100	800	communication
		total	800	

Trial Balance			
Cash	4,000	Income	30,000
Bank	13,000	Expenses	13,000
total	17,000	total	17,000

## Session 2.6

### Review of Correcting Mistakes

(this session is a shorter version of session 9.4 correcting mistakes )

<b>LEARNING OBJECTIVES</b>	
<b>By the end of this session, participants will demonstrate that:</b>	
→	they can correct errors in the cash and bank books and in the expense ledgers.

Learning Time	Facilitator's Materials
45 minutes	<u>Flip charts</u> The following 5 flip charts: How to Correct Mistakes (from Chapter 9.4)  Practice Exercises 1 & 2 Bank Book Practice Exercises 3 & 4 Bank Book Practice Exercises 5 & 6 Cash Book Practice Exercise 7 Cash Book Practice Exercises 8 & 9 Expense Ledger  Participant Materials: How to correct mistakes (from session 9.4).

<b>SESSION OVERVIEW</b>	
<b>Activity One</b>	Participants correct the prepared flip charts.

### **Key Points**

- Mistakes cannot be erased or crossed out.
- Corrections are made by entering new lines in the ledgers.
- When there is a math error in an expense ledgers, correct the total spent, but do not add a new entry in the amount column because then the monthly amount will be incorrect.

### **Activity 1: participants correct mistakes**

**Step 1** Put the flip charts that were prepared using accounts packet 13.6, on the wall in groups of three, one set for each group

**Step 2: Break the group into three smaller groups**

**Step 3: give each group the following pre-prepared flip charts: one bank book, one cash book and one expense ledger to correct.**

**Note: One group will get two bank books instead of one**

**Step 4: Ask participants to locate their handout ‘How to correct mistakes’ #9.4**

**Step 5: Ask the groups to put the flip charts on the wall and correct them. There are two basic kinds of mistakes. What are they?**

**Step 6: After the groups have finished correcting the errors on their flip charts, ask the whole group to review each of the flip charts.  
(corrections are printed below)**

**Step 7: Clarify questions that arise**

**Flip charts for Activity 1 are the same ones used in Session 9.4.  
See session 9.4 for the corrections**

## Session 3.7

### End of Chapter 2 Review

LEARNING OBJECTIVES	
<b>By the end of this session, participants will have:</b>	
→	have reviewed the main ideas of the chapter.

Learning Time	Facilitator's Materials
30 minutes	<b>Preparation:</b> none <b>Materials:</b> Participant Materials: End of chapter 13 review Flip Chart: End of chapter 13 review

SESSION OVERVIEW	
<b>Activity One</b>	Participants complete their 'end of chapter review' handout.
<b>Activity Two</b>	Facilitator goes over the correct answers with the participants.

#### **Introduction: Facilitator explains the activity**

Find your handout 'end of chapter 13review'

You have 15 minutes to complete it

After 15 minutes we will review your answers

#### **Activity One: Participants fill in their end of chapter review handout**

#### **Activity Two: Facilitator reviews the answers with the participants**

Step One: post the end of chapter 12 review flip chart on the wall

Step Two: Call volunteers up the front to fill in the correct answers

Discuss the correct answers and the incorrect answers.

Make sure to participants understand why a statement is false, or why a multiple choice answer is correct.

## End of Chapter 2 Review: Basic Skills Review

**1. What are three principles of Financial Management?**

Clarity \_\_\_\_\_  
Transparency \_\_\_\_\_  
Accountability \_\_\_\_\_

**2. What are the four books used in this training?**

Cash \_\_\_\_\_ Book  
Bank \_\_\_\_\_ Book  
Income \_\_\_\_\_ Ledger  
Expense \_\_\_\_\_ Ledger

**3. When do you need to reverse a transaction in a ledger?**

---

---

---

**4. How do you reverse a transaction in a ledger?**

---

---

---

---

---

**5. In a cash advance, (circle all letters that are correct)**

- a. The change plus the amount of the cash advance should equal the receipts
- b. The receipts plus the amount of the cash advance should equal the change
- c. ~~The change plus receipts should equal the amount of the cash advance~~
- d. None of the above.

**6. Cash should be monitored each (circle all letters that are correct)**

- a. Day
- b. Week
- c. Month
- d. Year

**7. A cash reconciliation compares (circle all letters that are correct)**

- a. The bank book with the cash book
- b. The bank receipts with the bank statement
- c. ~~The cash receipts with the receipts recorded in the cash book~~
- d. The cash book with the bank statement
- e. The cash with the cash book

**8. A cash reconciliation should be done (circle all letters that are correct)**

- a. Every day
- b. Every week
- c. ~~Every month~~
- d. ~~Whenever a difference is discovered between the cash book balance and the amount of money in the safe~~

**9. Segregation of duties: (circle all letters that are correct)**

- a. ~~Only one person should be in control of all the steps in the purchasing/payment process, from authorizing it, to writing the check, to making the purchase.~~
- b. ~~No one person should be responsible for all the steps in making a purchase/payment, from beginning to end. Several people should be involved.~~
- c. ~~A CBO's money is safer when they follow segregation of duties~~
- d. An example of segregation of duties is: a manager decides to hire somebody without asking the bookkeeper for his/her opinion on the matter.
- e. ~~An example of segregation of duties is: a manager authorizes a person to make a purchase and the bookkeeper gives the person the cash.~~

<b>Chapter 3: Cash Reconciliation</b>	<b>4 hours</b>
Session 3.1: Ticking Session; Or why we need to tick when we reconcile.....	20
Session 3.2: Cash Monitoring Register min	45
Session 3.3: April Cash Reconciliation; Comparing physical cash and cash book min	60
Session 3.4: Comparing receipts with entries in the cash book and cash advance reports min	20
Session 3.5: “Show your ledger” game min	
Session 3.6: End of Chapter 3 Review	
Acknowledgements.....	6
Session 1.1 .....	11
Introduction.....	11
Step Two: Discuss the impact on the training when norms are not followed.....	13
Note: occasionally there is a group that wants to be able to answer their cell phones during the training. This is very disruptive and should be discouraged by the trainer. As the trainer, you can dictate that cell phones must be on silent and answered only on breaks.....	13
Session 1.2 .....	14
Expectations.....	14
Session 1.3 .....	17
Three ways to give feedback.....	17
Session 1.4 .....	20
Participants review the contents of their 'kits' .....	20
Session 1.5: Guardian Angels .....	22
Session 1.6 .....	23
End of Chapter 1 Review .....	23
Session 2.1 .....	26
Review of Principles of Financial Management.....	26
Session 2.2 .....	29
Review of Elements .....	29
Session 2.3 .....	35
Review of Segregation of Duties .....	35
Session 2.4 .....	37
Cash Advance Review .....	37
Session 2.5 .....	40
Reviewing the ledgers (cash, bank, income and expense).....	40
Session 2.6 .....	45
Review of Correcting Mistakes .....	45
Session 3.7 .....	47
End of Chapter 2 Review .....	47
Session 3.1 .....	53
Ticking Session: Or why we need to tick when we .....	53
Session 3.2 .....	60
Cash Monitoring Register .....	60
Session 3.3 .....	65
April Cash Reconciliation: Comparing physical cash and cash book .....	65
Session 3.4: .....	71

Comparing Receipts with Entries in the Cash Book and Cash Advance Reports .....	71
Session 2.5 .....	78
‘Show your ledger’ game .....	78
Session 2.6 .....	80
End of Chapter 3 Review .....	80
Session 4.1 .....	86
What is a Bank Reconciliation? .....	86
Session 4.2 .....	88
How to do a Bank Reconciliation .....	88
Session 4.3 .....	98
When Bank Statements and Bank Books Do Not Agree .....	98
Six Reasons Why the Bank Statement and Bank Book May Not Agree .....	99
Session 4.4 .....	105
April Bank Reconciliation .....	105
Session 4.5 .....	112
End of Chapter 4 Review .....	112
Chapter 15 Annex 1: Extra Practice Exercise .....	115
Session 5.1 .....	121
Introducing a Trial Balance .....	121
Session 5.2 .....	128
May Trial Balance .....	128
Session 5.3 .....	137
Why is a Trial Balance Important? .....	137
Session 5.4 .....	150
June Trial Balance: Finding and Correcting Errors .....	150
Session 5.5 .....	155
End of Chapter 5 Review .....	155
Annex 1: Extra Trial Balance Exercise 1 .....	157
Annex 2: Extra Trial Balance Exercise 2 .....	166
Session 6.1 .....	179
Why Provide Financial Reports? .....	179
Session 6.2 .....	183
May Financial Report Example .....	183
Session 6.3 .....	192
June Financial Report .....	192
Session 6.4 .....	202
End of Chapter 6 Review .....	202
Session 7.1 .....	207
Following the rules in a donor contract .....	207
Session 7.2 .....	214
Managing Finances with Multiple Donors .....	214
Session 7.3 .....	218
July: Two Donor Simulation .....	218
Session 7.4 .....	242
End of Chapter 7 Review .....	242
Session 8.1 .....	248
Situations that Challenge Financial Integrity .....	248
Session 8.4 .....	255
Final Questions .....	255

Session 8.5 .....	257
Developing a Training Plan .....	257
Evaluation of Training .....	258

## Session 3.1

### Ticking Session: Or why we need to tick when we

LEARNING OBJECTIVES	
<b>By the end of this session, participants will understand that:</b>	
→	when they compare two documents or two different things (as in a reconciliation) they must tick both items or both sides, if they are to identify what is common to both documents and what is different.

Learning Time	Facilitator's Materials
1 hour	<p><b>Participant Materials</b> Ticking worksheets for Activities 1, 2 and 3</p> <p><b>Facilitator Materials:</b> Watch with a second hand.</p> <p><b>Flip Charts:</b> Ticking Example Activity 1 Activity 2 Activity 3</p>

SESSION OVERVIEW	
<b>Activity 1</b>	Participants compare List A with List B but cannot make any ticks or marks, or write anything down. They must then answer which numbers appear in both lists? Which appear only in list A? And which appear only in list B? They will probably not be able to answer these questions.
<b>Activity 2</b>	Participants compare List A with List B. When they find a number common to both lists they must only make a tick mark on List A, not on List B. They must then answer the same questions as in Activity 1. They will be able to answer questions 1 and 2 but probably not 3.
<b>Activity 3</b>	Participants compare List A with List B and must make tick marks on both lists when they find a number common to both lists. They then answer the same questions as in Activity 1. They will be able to answer questions 1 and 2 and 3.
<b>Activity 4</b>	Participants discuss which method was most accurate and easiest to answer the questions. They then review the key points.

**Key Points** (Make these points AFTER participants complete the three activities on their worksheets)

- When we reconcile, we make sure a receipt is recorded in two different places. In other words we compare two lists of receipts with each other.

- To see what appears in both lists and what is missing from a list, we only tick an item when it is in both lists.
- We tick the common numbers in **both** lists.
- If we try to reconcile using only our memory (no ticks), it is very hard to remember what items are in both lists and what items are missing from a list.

**Activity 1: Compare List A with List B , no ticking or writing anything down.**

**Step 1: Read the Rules.**

- You will be given a worksheet that has two lists of numbers.
- One list is called List A, the other is called List B.
- You will have 90 seconds to look at the two lists.
- You may not make tick marks or write anything down.
- At the end of the 90 seconds you will have another 90 seconds to write down the numbers that
  - appear in both List A and List B,
  - appear only in List A,
  - appear only in List B.

**Step 2: Demonstrate the rules with the example. (ticking example flip chart:)**

List A		List B	
5		9	
9		10	
3		11	
7		3	
10		2	

**Step 3: Participants answer the questions related to the example.**

Numbers in List A and List B	Numbers in List A only	Numbers in List B only
9, 3, 10	5, 7,	11, 2

**Step 4:** Give each participant an Activity 1 Worksheet face down. Tell them that when you say “Begin,” they may turn the worksheet over and they will have 90 seconds to look at the lists (worksheets are in the accounts packet at the end of this session).

**Step 5:** Say, “Stop” when 90 seconds have passed. Tell them they now have 90 seconds to fill in the answers in their worksheets. Tell them that they may continue to look at the lists.

**Step 6:** Say, “Stop” when 90 seconds have passed. Review the answers. Tell participants **not** to fill in the correct answers.

**Ticking Worksheet Activity 1 with answers**

<b>List A</b>			<b>List B</b>	
364	✓		6544	✓
63790			74398	✓
45			8663	
6544	✓		86744	
8912	✓		2342	✓
232			2343	
74398	✓		7575	✓
7575	✓		80291	
5423			2564	
2542			56575	✓
343	✓		8912	✓
2542			648	
2342	✓		343	✓
56575	✓		364	✓

<b>Numbers in List A and List B</b>	<b>Numbers in List A only</b>	<b>Numbers in List B only</b>
364, 6544, 8912, 74398, 7575, 343, 2342, 56575	63790, 45, 232, 5423, 2542, 2542	8663, 86744, 2343, 80291, 2564, 648

**Activity 2: Compare List A with List B , only make tick marks next to numbers in List A.**

**Step 1: Read the rules.**

- You will be given two new lists of numbers.
- Like last time you will have 90 seconds to look at the lists.
- This time you must make tick marks next to numbers in List A when the same number appears in List B.
- Do not make tick marks in List B or write anything down anywhere else.
- At the end of the 90 seconds you will have another 90 seconds to write down the numbers that
  - appear in both List A and List B,
  - appear only in List A,
  - appear only in List B.

**Step 2: Demonstrate the rules with the example**

List A			List B	
5			9	
9	✓		10	
3	✓		11	
7			3	
10	✓		2	

**Step 3: Answer the questions related to the example**

Numbers in List A and List B	Numbers in List A only	Numbers in List B only
9, 3, 10	5, 7,	11, 2
<i>Notice that these are the numbers that are ticked in List A</i>	<i>Notice that these are the numbers that are <u>not</u> ticked in List A</i>	

**Step 4:** Give each participant an Activity 2 Worksheet face down. Tell them that when you say “Begin,” they may turn the worksheet over and they will have 90 seconds to look at the lists (worksheets are in the accounts packet at the end of this session). When they find a common number in both lists they must make a tick mark next to the number in List A only.

Walk around and make sure that participants follow the instructions and do not make marks in List B.

**Step 5:** Say, “Stop” when 90 seconds have passed. Tell them they now have 90 seconds to fill in the answers in their worksheets. Tell them that they may continue to look at the lists, but they cannot make any marks.

Walk around and make sure that participants follow the instructions and do not any more marks in either list.

**Step 6:** Say, “Stop” when 90 seconds have passed. Review the answers. Tell participants **not** to fill in the correct answers.

**Ticking Worksheet Activity 2 with answers**

List A		List B	
3528		376	<input type="checkbox"/>
376	<input type="checkbox"/>	78385	<input type="checkbox"/>
38556		8358	
2648		9265	
8645	<input type="checkbox"/>	3858	
987	✓	83963	
3838	<input type="checkbox"/>	8466	
78385	<input type="checkbox"/>	8645	<input type="checkbox"/>
2853		8483	<input type="checkbox"/>
964		34	<input type="checkbox"/>
8483	<input type="checkbox"/>	3838	<input type="checkbox"/>
73856	<input type="checkbox"/>	73856	<input type="checkbox"/>
2853		893	
34	<input type="checkbox"/>	987	✓

Numbers in List A and List B	Numbers in List A only	Numbers in List B only
376, 8645, 987, 3838, 78385, 8483, 73856, 34	3528, 38556, 2648, 2853, 964, 2853,	8358, 9265, 3858, 83963, 8466, 893

**Activity 3:** Compare List A with List B, make ticks next to the numbers that are in both List A and List B

**Step 1: Read the rules.**

- You will be given two new lists of numbers.
- Like the last two times, you will have 90 seconds to look at two lists of numbers.
- This time, if you come across a number that exists in both lists, you must make a tick mark next to the number in both List A and List B.

**Step 2:** Demonstrate the rules with the example

List A		List B	
5		9	✓
9	✓	10	✓
3	✓	11	
7		3	✓
10	✓	2	

**Step 3: Answer the questions related to the example**

Numbers in List A and List B	Numbers in List A only	Numbers in List B only
9, 3, 10	5, 7,	11, 2
<i>Notice that these are the numbers that are ticked in List A</i>	<i>Notice that these are the numbers that are <u>not</u> ticked in List A</i>	<i>Notice that these are the numbers that are <u>not</u> ticked in List B</i>

**Step 4:** Give each participant an Activity 3 Worksheet face down. Tell them that when you say “Begin,” they may turn the worksheet over and they will have 90 seconds to look at the lists (worksheets are in the accounts packet at the end of this session). When they find a common number in both lists they must make a tick mark next to the number in List A and List B.

**Step 5:** Say, “Stop” when 90 seconds have passed. Tell them they now have 90 seconds to fill in the answers in their worksheets. Tell them that they may continue to look at the lists, but they cannot make any marks.

Walk around and make sure that participants follow the instructions and do not any more marks in either list.

**Step 6:** Say, “Stop” when 90 seconds have passed. Review the answers. Tell participants **not** to fill in the correct answers.

**Ticking Worksheet Activity 3 with answers**

List A	
39838	<input type="checkbox"/>
353	
1842	
830	<input type="checkbox"/>
83	<input type="checkbox"/>
8434	<input type="checkbox"/>
942	<input type="checkbox"/>
8358	
3687	<input type="checkbox"/>
60306	<input type="checkbox"/>
2534	
1842	
93134	

List B	
8483	
34	
830	<input type="checkbox"/>
3687	<input type="checkbox"/>
39838	<input type="checkbox"/>
893	
8434	<input type="checkbox"/>
5393	<input type="checkbox"/>
73856	
942	<input type="checkbox"/>
60306	<input type="checkbox"/>
3838	
987	

5393 |  |

83 |  |

<b>Numbers in List A and List B</b>	<b>Numbers in List A only</b>	<b>Numbers in List B only</b>
39838, 830, 83, 8434, 942, 3687, 60306, 5393	353, 1842, 8358, 2534, 1842, 93134	8483, 34, 893, 73856, 3838, 987

**Activity 4: Discussion.**

Which activity allowed you to answer all three questions most accurately and most easily?  
Activity 1, 2 or 3? Why?

Review the key ideas.

## Session 3.2

### Cash Monitoring Register

LEARNING OBJECTIVES	
By the end of this session, participants will:	
→	Understand the importance of the cash monitoring register.
→	Be able to fill out the cash monitoring register.

Learning Time	Facilitator's Materials
20 minutes	<u>Participant Materials</u> <ul style="list-style-type: none"> <li>Cash monitoring form, one for each participant, in their models</li> </ul> <u>Flip Charts</u> <ul style="list-style-type: none"> <li>Blank Cash Monitoring Register</li> <li>April Cash Book</li> </ul>

SESSION OVERVIEW	
<b>Activity 1</b>	The facilitator discusses the importance of counting the cash every day. The facilitator then demonstrates with participants how to fill in the Cash Monitoring Register on a flip chart.
<b>Activity 2</b>	Participants fill in their own cash monitoring registers for the first two days in April.

#### Key Points

- Cash should be counted every day to make sure the cash book is accurate.
- Use the cash monitoring register every day to compare the amount of money in your safe with the amount recorded the cash book.
- If** control of the safe changes to someone else, make sure that both the person giving control and the person taking control of it agree that the amount of cash in the safe is the same as the amount recorded in the cash book.
- The column 'difference' refers to the difference in actual cash counted and the balance of the cash book, **ON THE SAME DAY**. It is not a comparison between today's cash and yesterday's cash.

#### Activity 1: Monitoring Cash Daily

**Step 1: Explain what the cash monitoring register is.**

Put up the cash monitoring register flip chart.

**CBO  
Cash Count Form**

<b>Cash Count Date:</b>	
<b>Report Prepared by:</b>	
<b>Location:</b>	

<b>Cash Balances</b>				
<b>Denominations (a)</b>	<b>Count of cash bundles with 100 bills (b)</b>	<b>Total Counted Cash Balance in Counted Currency (c) = (a) x (b)</b>	<b>Cash Book Balance (d)</b>	<b>Difference (Count of loose bills) (e) = (c) – (d)</b>
Notes of 500 MZM				
Notes of 200 MZM				
Notes of 100 MZM				
Notes of 50 MZM				
Notes of 20 MZM				
Coins of-----				
<b>Total Balance:</b>				

<b>Cash Counted By:</b>	
-------------------------	--

<b>Signature:</b>	
-------------------	--

<b>Count Recorded By:</b>	
---------------------------	--

<b>Signature:</b>	
-------------------	--

<b>Cash Custodian</b>	
-----------------------	--

<b>Signature:</b>	
-------------------	--

Cash in the safe should be counted every day and compared with the amount recorded in the cash book balance. The cash monitoring register records:

- The date the cash and cash book balance were checked.
- The amount of cash.
- The balance in the cash book.
- The difference between the cash and cash book, if any.
- The signature of the person who checked.
- 

**Step 2: Discuss why the cash monitoring register is important.**

**Why should the cash in the safe be equal to the balance in the cash book?**

*Every time cash is spent or is put into the safe, it should be recorded in the cash book.*

### Why should you monitor cash every day?

*Mistakes can happen at any time.*

### Why should you monitor cash even on days that you don't use it?

*Theft can happen at any time.*

### Why do we need a cash monitor to record all of this?

*Recording the cash and cash balance and signing the register instills financial discipline and demonstrates accountability. This reduces mistakes and theft.*

### Step 3: Facilitator demonstrates using the cash monitoring register flip chart with participants.

Take out your cash monitoring registers.

Put up the April cash book flip chart. Cover it with a flip chart paper, leaving visible only April 1<sup>st</sup>.

Ref	Date	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
	1-Apr		Opening balance				1,001	
16	2-Apr	Bank	Transfer to cash	20,000			21,001	
17	2-Apr	20 Activists	incentives		13,000	13,000	8,001	
18	7-Apr	Miguel Santos	transportation		455	455	7,546	
19	8-Apr	Doris Costa	transportation		565	565	6,981	
20	10-Apr	Ilidio Mafune	transportation		464	464	6,417	
21	11-Apr	Claudio Bata	transportation		781	781	5,636	
22	12-Apr	Palmira Tivane	transportation		207	207	5,429	
23	13-Apr	Miguel Santos	Cash advance #3			100	5,329	
24	14-Apr	Miguel Santos	Change from Cash Advance #3	30			5,359	
25	28-Apr	Miguel Santos	Cash Advance #4			5,000	359	
			<b>Ending Balance</b>				<b>359</b>	
			<b>Total</b>	<b>20,030</b>	<b>15,472</b>	<b>20,572</b>		

Let's say that today is April 1<sup>st</sup>, you count the cash and it is Mt. 1,001.

How much money is recorded in your cash book that day? *Mt. 1,001*

Ask a participant to fill in the first line of the cash monitoring register flip chart.

Move the flip chart paper down to reveal the April 2<sup>nd</sup> line of the Cash Book.

On April 2<sup>nd</sup>, you count the cash and there is Mt. 21,001 in the safe.

How much is in the cash book for that same day? *Mt. 21,001*

Ask a participant to fill in the second line of the cash monitoring register flip chart.

Does the cash monitoring register show us that we have a problem on April 1<sup>st</sup>? *No, the amounts are the same.*

**What about April 2<sup>nd</sup>?** *No, the amounts are the same.*

Theft most often happens to organizations that are not careful with their money. An organization that is careful and is known to be careful is less likely to be abused by theft. Monitoring cash is one way to show people that you are careful with your money.

**Step 4: Participants fill in their own cash monitoring registers** with the April 1<sup>st</sup> and April 2<sup>nd</sup> information.

Make sure participants are filling in their cash monitoring registers correctly. Ask participants if they have any questions.

### Completed Cash Monitoring Register

#### CBO Cash Count Form

<b>Cash Count Date:</b>	April 1
<b>Report Prepared by:</b>	Volunteer 1
<b>Location:</b>	

Cash Balances				
Denominations (a)	Count of cash bundles with 100 bills (b)	Total Counted Cash Balance in Counted Currency (c) = (a) x (b)	Cash Book Balance (d)	Difference (Count of loose bills) (e) = (c) – (d)
Notes of 500 MZM	1	500		
Notes of 200 MZM	2	400		
Notes of 100 MZM	1	100		
Coins of 1 MZM	1	1		
<b>Total Balance:</b>		<b>1,001</b>	<b>1,001</b>	<b>0</b>

<b>Cash Counted By:</b>	Volunteer 2
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<b>Signature:</b>	Volunteer 2
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<b>Count Recorded By:</b>	Volunteer 1
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<b>Signature:</b>	Volunteer 1
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<b>Cash Custodian</b>	Volunteer 1
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<b>Signature:</b>	Volunteer 1
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### Completed Cash Monitoring Register

#### CBO Cash Count Form

<b>Cash Count Date:</b>	April 2
<b>Report Prepared by:</b>	Volunteer 1
<b>Location:</b>	

Cash Balances				
Denominations (a)	Count of cash bundles with 100 bills (b)	Total Counted Cash Balance in Counted Currency (c) = (a) x (b)	Cash Book Balance (d)	Difference (Count of loose bills) (e) = (c) – (d)
Notes of 500 MZM	41	20,500		
Notes of 200 MZM	2	400		
Notes of 100 MZM	1	100		
Coins of 1 MZM	1	1		
<b>Total Balance:</b>		<b>2 1,001</b>	<b>21,001</b>	<b>0</b>

<b>Cash Counted By:</b>	Volunteer 2
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<b>Signature:</b>	Volunteer 2
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<b>Count Recorded By:</b>	Volunteer 1
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<b>Signature:</b>	Volunteer 1
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<b>Cash Custodian</b>	Volunteer 1
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<b>Signature:</b>	Volunteer 1
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By the end of this session, participants will have correctly filled out their cash monitoring registers for April 1<sup>st</sup> and 2<sup>nd</sup>.

### Session 3.3

#### April Cash Reconciliation: Comparing physical cash and cash book

LEARNING OBJECTIVES	
<b>By the end of this session, participants will:</b>	
→	Demonstrate that they can find a math error in the cash book.
→	Know how to make an entry in the cash book to correct a math error.
→	Be familiar with five basic reasons why the cash book and cash might not reconcile.

Learning Time	Facilitator's Materials
45 minutes	<p><u>Materials</u></p> <ul style="list-style-type: none"> <li>• Fake safe</li> <li>• Cash totaling Mt. 369</li> <li>• April cash book</li> </ul> <p><u>Participant Materials</u></p> <ul style="list-style-type: none"> <li>• “Possible reasons why the cash and cash book are not the same”</li> </ul> <p><u>Flip Charts</u></p> <ul style="list-style-type: none"> <li>• April Cash Book from previous session. Take off the blank flip chart paper from the last session so all lines are visible.</li> <li>• Cash Monitoring Register from previous session.</li> <li>• Possible reasons why the cash and cash book are not the same</li> <li>• Blank flip chart paper.</li> </ul>

SESSION OVERVIEW	
<b>Activity 1</b>	A participant counts the money in the safe, and then determines if it corresponds to the amount of money in the April cash book. The amounts are different.
<b>Activity 2</b>	Participants read handout: <u>Possible reasons why the cash and cash book are not the same.</u>
<b>Activity 3</b>	Participants are asked to use their calculators to check the math in the cash book to make sure it is correct. They will find a math error in the cash book.
<b>Activity 4</b>	Correcting the math error: Participants learn how to correct a math error in the cash book.

Participants complete this exercise both on their individual handouts, and also on the flip charts.

#### Key Points

1. If the cash and the cash book are different, you have to find out why.

2. A small difference is not necessarily a small mistake. A small difference can be the result of several bigger problems.
3. When you first encounter a problem:
  - a. Make sure that the opening balance is correct.
  - b. Check that the math in the cash book is correct.
4. You cannot erase an entry in a ledger.
5. If you find a mistake, you have to correct it on a separate line in the ledger.
6. If the balance was not calculated correctly, and
  - a. The total is **less than** what it should be we need to add to the balance. Correct the mistake by **entering** the difference in the “IN” column and calculate the new balance.
  - b. The total is **more than** what it should be we need to subtract from the balance. Correct the mistake by entering the difference in the “OUT” column and calculate the new balance.

### Activity 1: Discovering a problem

#### Step 1: A volunteer counts the cash in the safe and compares it to the cash book

Put up the April cash book from the previous session, if it is not already on the wall.

Let's say you have forgotten to monitor your cash every day. On April 28<sup>th</sup>, you decide to count your cash.

Give a volunteer the fake safe with Mt. 369 in it and ask her/him to count it.

#### Step 2: Ask the volunteer to fill in the cash monitoring register for April 28<sup>th</sup>.

#### Completed Cash Monitoring Register as of April 28<sup>th</sup>

##### CBO Cash Count Form

<b>Cash Count Date:</b>	April 28
<b>Report Prepared by:</b>	Volunteer 1
<b>Location:</b>	

Cash Balances				
Denominations (a)	Count of cash bundles with 100 bills (b)	Total Counted Cash Balance in Counted Currency (c) = (a) x (b)	Cash Book Balance (d)	Difference (Count of loose bills) (e) = (c) – (d)
Notes of 100 MZM	3	300		

Notes of 50 MZM	1	50		
Coins of 10 MZM	1	10		
Coins of 1 MZM	9	9		
<b>Total Balance:</b>		<b>369</b>	<b>359</b>	<b>10</b>

<b>Cash Counted By:</b>	Volunteer 2
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<b>Signature:</b>	Volunteer 2
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<b>Count Recorded By:</b>	Volunteer 1
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<b>Signature:</b>	Volunteer 1
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<b>Cash Custodian</b>	Volunteer 1
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<b>Signature:</b>	Volunteer 1
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**What do you think?** *There is a Mt. 10 difference.*  
**Do we have too much cash or too little cash?** *Too much.*

Let's read about how mistakes can happen.

## Activity 2: Possible reasons that the cash and cash book might be different.

### Step 1: What is a reconciliation? Question and Answer

To find our mistakes we have to **RECONCILE** the actual cash with the cash book.

**Who knows what reconciliation is?** *Reconciliation is another word for comparing two things, pointing out the differences (if there are any), finding the causes of the problems, and correcting them.*

**What is reconciling cash?** Reconciling cash is comparing the total in the cash book, the actual cash, **and** the receipts submitted. If there is a difference found between the cash and the cash book, then the math must also be double checked.

**Who should do a reconciliation?** *The person who does the reconciliation should be different from the one who is handling the cash.*

**Why?** *To reduce the chances of misuse or theft*

### When should a cash reconciliation be done?

- At the end of each month; or
- Earlier if a difference is noted in the cash monitoring register.

**Step 2:** Participants read aloud the handout, “Possible reasons why the cash and cash book are not the same.”

Possible Reasons Why the Cash and the Cash Book are not the Same		
	Reason	Solution
1	The math in the cash book is wrong (i.e. the balance was not calculated correctly)	Recalculate the balances.
2	A receipt was not entered or was entered incorrectly.	Compare the receipts with the cash book entries.
3	The wrong amount was paid <b>from cash</b> to a supplier or to someone receiving a cash advance.	It is difficult to correct this after it has occurred. Prevent it from happening by counting money carefully and by counting it twice before giving it to anyone. Do not get distracted when counting cash. If the money is not found and returned, it will have to be recorded in the cash book.
4	The wrong amount was <b>paid to</b> cash (e.g., change from a cash advance).	
5	Someone stole money.	It is difficult to correct this after it has occurred. Prevent this by monitoring the cash daily and by counting carefully. If the money is not found and returned, it will have to be recorded in the cash book.

### Activity 3: Looking for math mistakes

**Step 1:** Ask participants to check the math in the April Cash Book to see if it really totals 359. Tell them that if they find mistakes they should note where they occurred, but they should not make any changes yet. Give them at least 10 to 15 minutes to sum all the transactions and find the mistake.

Some participants will arrive at a different total than the cash book, but they will not know where the error occurred. **It is important that they find the line in which the error occurred.** After the first error, all the subsequent totals in the total column will be ‘wrong’ if the math is recalculated.

**Step 2:** Ask participants if they found any math errors.

**Are there any math errors?** *On the line April 10<sup>th</sup>, Ilidio Mafune, Transportation, the balance is Mt. 6,417; it should be Mt. 6,517*

**How much is the error?** *The balance is Mt. 100 less than it should be.*

### Activity 4: Correcting a math error

**Step 1: Demonstrate how to correct the error, using the April Cash Book flip chart.**

There is a math error of Mt. 100. On April 10<sup>th</sup> the balance entered was Mt. 100 less than what should have been written.

**There are no other math errors. So what can we conclude about the balance that shows on 28 April?** *It is Mt. 100 less than what it should be.*

**We are not allowed to erase entries in the cash book. So, how do you think we can correct it?** *After the last entry we add a new entry to correct the mistake.*

**What is the last entry?** *28 April, Miguel Santos, Cash Advance #4*

**Where do we put the Mt. 100? In the “In” or in the “Out”?** *In the “IN”. The balance after the transport fees should have been Mt. 100 more, so we need to add Mt. 100 to the balance.*

Enter the appropriate entry on the April cash book flip chart (see below)

Ref	Date	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
	1-Apr		Opening balance				1,001	
16	2-Apr	Bank	Transfer to cash	20,000			21,001	
17	2-Apr	20 Activists	incentives		13,000	13,000	8,001	
18	7-Apr	Miguel Santos	transportation		455	455	7,546	
19	8-Apr	Doris Costa	transportation		565	565	6,981	
20	10-Apr	Ilidio Mafune	transportation		464	464	6,417	
21	11-Apr	Claudio Bata	transportation		781	781	5,636	
22	12-Apr	Palmira Tivane	transportation		207	207	5,429	
23	13-Apr	Miguel Santos	Cash advance #3			100	5,329	
24	14-Apr	Miguel Santos	Change from Cash Advance #3	30			5,359	
25	28-Apr	Miguel Santos	Cash Advance #4			5,000	359	
20	28-Apr	10 Apr, Ilidio Mafune	Math Error	100			459	
			<b>Ending Balance</b>				<b>459</b>	
			<b>Total</b>	<b>20,130</b>	<b>15,472</b>	<b>20,572</b>		

Notice in the From/To column we refer to the Ref number where the error occurred so that we can trace the mistake if we need to.

**Step 2: Participants correct the math error in their own April Cash Books**

**RULE:** If the math mistake makes the balance too small, enter the difference in the “IN” column and add it to the balance. If the math error makes the balance too big, enter the difference in the “OUT” column and subtract it from the balance.

**Step 3: Compare the new Cash Book Balance with the actual cash**

**What is the new cash book balance?** *Mt. 459*

**How much cash did we count?** *Mt. 369.*

Notice how convenient it is that we wrote this and **recorded** it in the cash monitor register.

**What is the new difference between the cash book and the cash in the safe?** *Mt. 459 – Mt. 369 = Mt. 90.*

If some participants have a different number than Mt. 90, make sure they understand 1) how to compare the cash and cash book; and 2) how we arrived at Mt. 90 as the difference.

**Write on blank flip chart paper:**

Cash Book Balance = Mt. 459

Cash = Mt. 369

Difference = Mt. 90

**Is there too little cash or too much cash, according to the cash book?** *Too little cash.*

**Step 4: Participants review the handout and decide upon next step**

**We started with a difference of Mt. 10. Now we have a difference of Mt. 90. Did we make a mistake?** *Probably not. The math mistake was clear and it had to be corrected.*

A common mistake is to think that a difference between the cash and cash book is only one mistake. But, often a difference between the cash and the cash book is the result of several mistakes. Even a small difference between the cash and cash book can result from many mistakes.

**What other mistakes could there be?** *Let the participants review the different possibilities in the handout “Possible reasons why the cash and cash book are not the same”. Participants should cite Reasons 2 to 5.*

Right, reasons 2 to 5 are possible causes. It is best to work through the easy solutions first. Reasons 3 to 5 are difficult to correct. But reason number 2, a receipt was not entered or was entered incorrectly, is easy to correct. We will see how to do this in the next session.

By the end of this session, participants will have corrected their April cash book with the first correction of Mt. 100 and new balance of Mt. 459.

### Session 3.4:

#### Comparing Receipts with Entries in the Cash Book and Cash Advance Reports

LEARNING OBJECTIVES	
<b>Participants will know how to:</b>	
→	Use a cash monitoring register.
→	Reconcile receipts with the cash book and cash advance reports.
→	Correct math errors and entry errors in the cash book.

Learning Time	Facilitator's Materials
60 minutes	<u>Flip Chart</u> <ul style="list-style-type: none"> <li>• April Cash Book with the math error that was corrected in the previous session.</li> <li>• Hand written flip chart from the previous session where the cash book balance (Mt. 459), the cash (Mt. 369), and the difference (Mt. 90) was written.</li> <li>• Cash Monitoring Register from Previous Session</li> <li>• Cash Advance Reconciliation Method</li> </ul>

SESSION OVERVIEW	
In this session, participants will learn how to reconcile cash with the cash book.	
<b>Activity 1</b>	The facilitator prepares the participants to do a reconciliation by explaining what a reconciliation is, and by helping participants locate their receipts.
<b>Activity 2</b>	The facilitator helps the participants reconcile the cash advance report and receipts with the cash book, then helps the participants reconcile the cash receipts with the cash book. Participants discover a mistake in the cash book (Mt. 445 was written instead of Mt. 545)
<b>Activity 3</b>	The facilitator helps the participants correct the mistake by entering a reversal and then re-entering the transaction correctly.

#### Key Points

- 1) Reconciliation between the receipts, the cash book, and the cash advance reports should be done once a month, so you can make sure all entries are correct, EVEN IF you don't suspect a problem.
- 2) You cannot erase an entry in a ledger. If you find a mistake, you have to correct it on a separate line in the ledger.

- 3) If there is a math mistake in the balance column, calculate the difference between the correct balance and the mistaken balance and, in a new entry, either subtract or add back the difference.
- 4) If the wrong number was entered, reverse the wrong entry by putting the same amount in the opposite column (“IN” or “OUT”). Then, on the next line, enter the transaction correctly.

## Materials & Preparation

- The April cash receipts (A3). One receipt binder per participant (filed by date with most recent one on top)
  - ◆ Transfer to cash Mt. 20,000
  - ◆ Activist Incentives Mt. 13,000
  - ◆ Transportation (Miguel Santos) Mt. 545
  - ◆ Transportation (Doris Costa) Mt. 565
  - ◆ Transportation (Ilídio Mafune) Mt. 464
  - ◆ Transportation (Cláudia Bata) Mt. 781
  - ◆ Transportation (Palmeira Tivane) Mt. 207
  - ◆ Miguel Santos Cash Advance #4 Mt. 5,000

The following receipts and cash advance #3 are used in this session and can be found in the binder under Reconciled Cash Advance March

- Completed Cash Advance Report # 3 for Mt. 100
- Two receipts for cash advance report #3 stapled to the cash advance report
  - ◆ One receipt: 13 April License No. ML 100 – 987 Taxi Fare Mt. 50
  - ◆ One receipt: 13 April License No. ML 98 – 1096 Taxi Fare Mt. 20

## Activity 1: Preparing for the Reconciliation

### Step 1: Introduce the activity

Put up the Cash Monitoring Register flip chart from the previous session.

We are going to continue our investigation to reconcile the cash and the cash book. Now we will reconcile (compare) the receipts with the cash book and the cash advance reports.

To make our job easier, we keep our receipts separated in the file, with dividers.

1. All of the receipts for items purchased with cash (but not cash advances) are in one part.
2. All of the receipts for items purchased with checks are in another part.
3. Finally all of the cash advance reports and their receipts are kept in their own part.

### Step 2: Facilitator reviews the difference between something paid for with cash and something paid for with a cash advance.

**Let’s say somebody purchased some office supplies worth Mt. 500. How do you know if it should be filed with cash receipts or with cash advance receipts?**

*It should be filed under cash advance receipts if someone took a cash advance and filled out a cash advance report. If it was paid for directly out of the cash safe, it should be filed with the cash receipts.*

**How many people should be authorized to use the cash safe? One.**

Only one person can be in charge of the cash safe at a time. This restricts responsibility to one person and one person only. If there is a mistake, this is the person who is responsible for making it. When this person makes a purchase, it is from cash because she/he is the only one authorized to use and issue cash directly from the cash safe. Anytime anyone else uses cash from the cash safe, it is a cash advance and she/he must complete the first part of the cash advance report before they take the cash.

So, when the person in charge of cash uses cash, the receipts will be filed with the cash receipts. When anyone else uses cash, they will fill out a cash advance report, and the receipts they submit will be filed with the cash advance receipts.

**Step 3: Participants locate the receipts**

Ask participants to locate their cash book receipts. In order from most recent to oldest:

- Miguel Santos: Cash Advance Mt. 5,000
- Transport (Palmeira Tivane) Mt. 207
- Transport (Cláudia Bata) Mt. 781
- Transport (Ilídio Mafune) Mt. 464
- Transport (Doris Costa) Mt. 565
- Transport (Miguel Santos) Mt. 545
- Activist Incentives Mt. 13,000
- Transfer to cash Mt. 20,000

Ask participants to look at all the receipts filed in the Reconciled Cash Advance March file folder.

- Completed Cash Advance Report # 3 Mt. 100
- One receipt for taxi fare Mt. 50
- One receipt for taxi fare Mt. 20

**Activity 2: Reconciling the cash book with the receipts**

**Step 1: Reconcile cash advances and the cash book.**

Put up the “Cash Advance Reconciliation Method” flip chart. Ask a participant to read it.

**Cash Advance Reconciliation Method – flip chart**

<b>When reconciling the cash advance report, there are 4 things to verify:</b>
<b>1) Is the amount of the cash advance correctly recorded in the cash book?</b> If yes, put a check next to the cash advance amount in the cash book <u>and</u> in the cash

advance report

**2) Is the change returned correctly recorded in the cash book?**

If yes, put a check next to the cash advance change in the cash advance report and the change recorded in the cash book.

**3) Are the receipts correctly recorded and totaled in the cash advance report?**

If yes, put a check on the right hand corner of each receipt and a check next to the receipts listed on the cash advance report

**4) Does the cash advance equal the receipts plus the change returned?**

If yes, put a check next to step three on the cash advance report

Ask participants to take out cash advance #3 and reconcile it, following the instructions in the “Cash Advance Reconciliation Method” flip chart. Make sure they are doing this correctly.

**Step 2: Participants reconcile all their cash receipts with the April Cash book.**

Ask participants to compare the receipts with the entries in the cash book, starting with the most recent (the one on top). The order is: Palmira, Claudia, Ilidio, , Doris, Miguel.

If the receipt and the cash book entry agree, put a check mark in the reconciliation column. If they do not agree, they leave the reconciliation column blank.

**Step 3: Participants find a problem**

**Do all of the cash book entries agree with the receipts?** *No, ref 18 is not correct. The cash book says 455 but the receipt says 545.*

We will assume that the receipt is correct. Therefore the cash book is wrong.

**How much is the error? What is the difference between 545 and 455?** *Mt. 90*

**Have we solved the problem?** *Probably*

**How do we know?**

- 1) We already checked the math and solved the only problem that we found.
- 2) Except for ref 18, all the other cash book entries agree with the receipts. They are all checked.
- 3) The only receipt that did not agree with the bank book was ref 18. We paid Miguel Santo Mt. 545, but only recorded Mt. 455. The difference is 90.

Point to the blank flip chart paper where, in the last session, you wrote the new cash balance, the cash, and the difference.

- 4) This is the same difference as currently exists between the cash and the cash book. So we probably found all of the mistakes.

### Activity 3: Correcting a Mistake

#### Step 1: Participants determine what kind of error it is

Remember, we are not allowed to erase entries. We will have to correct this by making a new entry.

#### Is this a math error or an entry error? *Entry error*

##### 1) Explain the difference between a math error and an entry error?

A math error is when numbers are added up incorrectly so that the total or balance is incorrect.

An entry error is when a number is recorded incorrectly.

#### Step 2: Facilitator demonstrates how to correct entry errors by reversing the error and re-entering the receipt correctly.

The mistake is an entry error.

#### To correct an entry error we:

- 1) Go to the first blank line and reverse the mistaken entry by writing the same amount as the mistaken entry, but enter it in the opposite column.
- 2) In the next blank line record the transaction correctly.

As you explain the steps, fill in the April Cash Book Flip Chart.

##### 1) In the first blank line

- a) In the “Ref” column, write the reference number that has the entry error.
- b) In the “Date” column, write the date when you make the correction.
- c) In the “FROM/TO (PAYEE/VENDOR)” column, write the date the entry error occurred and what was in the original From/To column. In this case we write: “7 Apr, Miguel Santos.”
- d) In the “Description” column, we write “Reversal”.
- e) In the “IN” column, we write Mt. 455 in the “IN” column.
- f) In the “EXPENSE” column, we write Mt. -455 in the “EXPENSE” column.

**Why do we write Mt. 455 in the “IN” column?** *Because the entry error in this case was for Mt. 455 that went out. We need to reverse this, so we enter the same amount back in the cash book.*

##### 2) We go to the next line

- a) In the “Ref” column, write the reference number that has the entry error.
- b) In the “Date” column, write the date when you make the correction.
- c) In the “FROM/TO (PAYEE/VENDOR)” column, write the date the entry error occurred and what was in the original From/To column. In this case: “7 Apr, Miguel Santos.”

- d) In the “Description” Column, write “correction” followed by the original description. In this case, “Correction, Transport”.
- e) In the “IN” or “OUT” column, we write the amount and put it in the “IN” column if it is income or the “OUT” column if it is an expense or advance. In this case, Mt. 545 is entered in the “EXPENSE and OUT” columns.

3) In the “Reconciliation” column, enter check marks for the entry error (ref 18), its reversal, and the newly entered correction.

Ref	Date	From/To (Payee/Vendor)	Description	In	Expense	Out	Balance	Rec
			Opening balance				1,001	
16	2-Apr	Bank	transfer	20,000			21,001	
17	2-Apr	20 Activistas	incentives		13,000	13,000	8,001	
18	7-Apr	Miguel Santos	transportation		455	455	7,546	
19	8-Apr	Doris Costa	transportation		565	565	6,981	
20	10-Apr	Ilidio Mafune	transportation		464	464	6,417	
21	11-Apr	Claudio Bata	transportation		781	781	5,636	
22	12-Apr	Palmira Tivane	transportation		207	207	5,429	
23	13-Apr	Miguel Santos	cash advance #3			100	5,329	
24	14-Apr	Miguel Santos	Cash advance #3 Change	30			5,359	
25	28-Apr	Miguel Santos	Cash Advance #4			5,000	359	
20	28-Apr	10 Apr, Ilidio Mafune	Math Error	100			459	
18	28-Apr	7 Apr, Miguel Santos	Reversal	455	-455		914	
18	28-Apr	7 Apr, Miguel Santos	Re-Entry Transportation		545	545	369	
			<b>Ending Balance</b>				<b>369</b>	
			<b>Total</b>	<b>20,585</b>	<b>15,562</b>	<b>21,117</b>		

Explain to participants that by entering the reference and date of the mistaken entry in the correction, we can easily trace the correction back to the mistaken entry. This helps when reconciling and if there is a query later on.

**Step 4: Participants confirm that the new cash book balance matches the cash in the safe**

Point to the cash monitoring register.

**How much cash did we count? Mt. 369**

**What is the balance in the cash book? Mt. 369**

Don't you love that cash monitoring register?

**Step 5: Complete the Cash Monitoring Register**

Ask a participant to complete the cash monitoring register.

**Completed Cash Monitoring Register as of April 28<sup>th</sup>**

**CBO  
Cash Count Form**

<b>Cash Count Date:</b>	April 28
<b>Report Prepared by:</b>	Volunteer 1
<b>Location:</b>	

<b>Cash Balances</b>				
<b>Denominations (a)</b>	<b>Count of cash bundles with 100 bills (b)</b>	<b>Total Counted Cash Balance in Counted Currency (c) = (a) x (b)</b>	<b>Cash Book Balance (d)</b>	<b>Difference (Count of loose bills) (e) = (c) - (d)</b>
Notes of 100 MZM	3	300		
Notes of 50 MZM	1	50		
Coins of 10 MZM	1	10		
Coins of 1 MZM	9	9		
<b>Total Balance:</b>		<b>369</b>	<b>369</b>	<b>0</b>

<b>Cash Counted By:</b>	Volunteer 2
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<b>Signature:</b>	Volunteer 2
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<b>Count Recorded By:</b>	Volunteer 1
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<b>Signature:</b>	Volunteer 1
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<b>Cash Custodian</b>	Volunteer 1
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<b>Signature:</b>	Volunteer 1
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**Step 6: Complete the Cash Book by signing and dating the reconciliation.**

Ask a participant to sign and date the cash book, showing it was reconciled.

**Step 7: Participants correct the error in their own April Cash Books**

Walk around the room and make sure the participants are correctly reversing the mistaken entry and re-entering the transaction correctly. Make sure that they sign and date the reconciliation in the cash book.

## Session 2.5

### ‘Show your ledger’ game

LEARNING OBJECTIVES	
<b>By the end of this session, participants will:</b>	
→	understand what ledgers to use when recording receipts and income.

Learning Time	Facilitator’s Materials
20 minutes	<b>Flip Charts:</b> Blank: Several cash books Several bank book Several income ledger Several expense ledger Several cash advance forms

SESSION OVERVIEW	
<b>Activity One</b>	Each participant has a flip chart of a ledger. The facilitator calls out transactions and participants have to turn their flip chart to face the group if it is the correct ledger for the transaction.

#### Key Ideas:

- Transactions paid with cash get recorded in the cash book and expense ledger.
- Transactions paid with checks get recorded in the bank book and expense ledger.
- Transactions paid with a cash advance, get recorded in the expense ledger and the cash advance form.
- The actual cash advance amount gets recorded in step one of the cash advance and the cash book.
- The cash advance change gets recorded in step three of the cash advance and the cash book.
- Income gets recorded in the income ledger and the bank book if it was put in the bank OR the cash book if it was put in the safe.

#### Introduction: introduce the ‘I have the right ledger’ game

We are going to play a game.

- We all have to get a flip chart of a ledger who can name the ledgers/(*cash book, bank book, income ledger, expense ledger or cash advance*).

- We stand in a circle don't let anybody see our flip chart, have the blank side facing out.
- As I call out a transaction, the people who have the ledger the transaction should be recorded in, have to turn their ledgers around so the group can see it.

**Activity One:**

**Step One:** Each participant gets a ledger (make sure the group has a few of each ledger)

**Step Two:** Participants form a circle.

**Step Three:** Participants have their ledgers in their hands, but with the blank side facing the group.

**Step Four:** The Facilitator reads out a transaction and the participants who think they have the correct ledger for that transaction, turn their flip chart over so the whole group can see what it is.

Transactions:

- 1) You buy office materials with a check.
- 2) You pay your rent with cash.
- 3) You give a cash advance to Ana Maria (they should touch part one of the C.A. and the cash book).
- 4) Ana Maria brings back the receipts from the cash advance (they should touch part 2 of the cash advance and the expense ledger).
- 5) Ana Maria brings back the change from the cash advance (they should touch part 3 of the cash advance and the cash book).
- 6) You get money transferred into your bank account from the CNCS.
- 7) You pay your telephone bill with a check.
- 8) You buy prepaid phone cards with cash.
- 9) You pay activists incentives with cash.
- 10) You give a cash advance to Maro (they should touch part one of the C.A. and the cash book).
- 11) Maro brings back the receipts from the cash advance (they should touch part 2 of the cash advance and the expense ledger).
- 12) Maro brings back the change from the cash advance (they should touch part 3 of the cash advance and the cash book).
- 13) You pay for a new computer with a check.
- 14) You pay your electricity bill with a check.
- 15) You pay for office repairs with cash.

**Note:** you can repeat this list and keep the game going longer.

## Session 2.6

### End of Chapter 3 Review

LEARNING OBJECTIVES	
<b>By the end of this session, participants will have:</b>	
→	reviewed the main ideas of the chapter.

Learning Time	Facilitator's Materials
30 minutes	<b>Preparation:</b> none <b>Materials:</b> Participant Materials: End of chapter 14 review Flip Chart: End of chapter 14 review

SESSION OVERVIEW	
<b>Activity One</b>	Participants complete their 'end of chapter review' handout.
<b>Activity Two</b>	Facilitator goes over the correct answers with the participants.

#### **Introduction: Facilitator explains the activity**

Find your handout 'end of chapter 3 review'

You have 15 minutes to complete it

After 15 minutes we will review your answers

**Activity One:** Participants fill in their end of chapter review handout

**Activity Two:** Facilitator reviews the answers with the participants

Step One: post the end of chapter 14 review flip chart on the wall

Step Two: Call volunteers up the front to fill in the correct answers

Discuss the correct answers and the incorrect answers.

Make sure to participants understand why a statement is false, or why a multiple choice answer is correct.

## End of Chapter 3 Review

1. *Cash should be counted every*
  - ~~A. Day~~
  - B. Week
  - C. Month
  - D. After you make an entry in the cash book
  
2. *Use this register to record the amount of money in the safe that you counted*
  - A. Cash Book
  - B. Bank Book
  - C. Asset Register
  - ~~D. Cash Monitoring Register~~
  
3. If you ever give over control of the safe to someone else, first make sure you \_\_\_\_\_ Reconcile \_\_\_\_\_ the cash with the cash book so you both agree how much is in the safe when the other person took control.
  
4. *If you find a small difference between the amount of money in the safe and the amount written in the cash book*
  - A. Don't worry, especially if you have more money than you thought!
  - B. Look for a small mistake.
  - C. There will always be differences between the cash book and the amount of money in the safe.
  - ~~D. It could mean there are several, larger mistakes that resulted in this small difference.~~
  - E. Hide it so the president doesn't get mad at you
  
5. *When you do a cash reconciliation, you*
  - ~~A. First check the math in the cash book, then reconcile the cash receipts~~
  - B. First check the balance in the bank book, then reconcile the bank book receipts
  - C. First reconcile the cash receipts then reconcile the bank receipts
  - D. Add up the cash in the safe and if it is more than the cash book balance, take out the difference and then it will be the same.

**6. How do you correct a math error? Circle all that apply**

- A. Don't worry about it, probably nobody will notice
- ~~B. If more went out than should have, put the difference in the 'in' column~~
- ~~C. If less went out than should have, put the difference in the 'out' column~~
- D. Use 'white out'

**7. How do you correct entry errors?**

- A. Use white out
- ~~B. Annul the transaction by putting the same amount originally recorded (which was the wrong amount), in the opposite column. Then re-record the receipt for the correct amount.~~
- C. Cross it out and re-record it correctly
- D. Don't change or annul the transaction. Correct the balance at the end of the month.

**8. Which answer below is a possible reason why the cash and cash book are not the same? Circle all that apply**

- ~~A. A receipt was not entered or was entered incorrectly.~~
- ~~B. Someone stole money~~
- ~~C. The math in the cash book is wrong (i.e. the balance was not calculated correctly)~~
- ~~D. The wrong amount was paid **from cash** to a supplier or to someone receiving a cash advance.~~
- ~~E. The wrong amount was **paid to** cash (e.g., change from a cash advance)~~

## Chapter 4: Bank Reconciliation 2:45

Session 4.1: What is a Bank Reconciliation?	15 min
Session 4.2: How to do a Bank Reconciliation	30 min
Session 4.3: When bank statements and bank books do not agree	45 min
Session 4.4: April bank reconciliation	45 min
Session 4.5: End of Chapter 15 Review	
Chapter 4 Annex 1: Extra Practice Exercise	

Acknowledgements.....	6
Session 1.1 .....	11
Introduction.....	11
Step Two: Discuss the impact on the training when norms are not followed.....	13
Note: occasionally there is a group that wants to be able to answer their cell phones during the training. This is very disruptive and should be discouraged by the trainer. As the trainer, you can dictate that cell phones must be on silent and answered only on breaks.....	13
Session 1.2 .....	14
Expectations.....	14
Session 1.3 .....	17
Three ways to give feedback.....	17
Session 1.4 .....	20
Participants review the contents of their 'kits' .....	20
Session 1.5: Guardian Angels .....	22
Session 1.6 .....	23
End of Chapter 1 Review .....	23
Session 2.1 .....	26
Review of Principles of Financial Management.....	26
Session 2.2 .....	29
Review of Elements .....	29
Session 2.3 .....	35
Review of Segregation of Duties .....	35
Session 2.4 .....	37
Cash Advance Review .....	37
Session 2.5 .....	40
Reviewing the ledgers (cash, bank, income and expense).....	40
Session 2.6 .....	45
Review of Correcting Mistakes .....	45
Session 3.7 .....	47
End of Chapter 2 Review .....	47
Session 3.1 .....	53
Ticking Session: Or why we need to tick when we .....	53
Session 3.2 .....	60
Cash Monitoring Register .....	60
Session 3.3 .....	65
April Cash Reconciliation: Comparing physical cash and cash book .....	65
Session 3.4: .....	71
Comparing Receipts with Entries in the Cash Book and Cash Advance Reports .....	71
Session 2.5 .....	78
'Show your ledger' game.....	78

Session 2.6 .....	80
End of Chapter 3 Review .....	80
Session 4.1 .....	86
What is a Bank Reconciliation? .....	86
Session 4.2 .....	88
How to do a Bank Reconciliation .....	88
Session 4.3 .....	98
When Bank Statements and Bank Books Do Not Agree .....	98
Six Reasons Why the Bank Statement and Bank Book May Not Agree .....	99
Session 4.4 .....	105
April Bank Reconciliation .....	105
Session 4.5 .....	112
End of Chapter 4 Review .....	112
Chapter 15 Annex 1: Extra Practice Exercise .....	115
Session 5.1 .....	121
Introducing a Trial Balance .....	121
Session 5.2 .....	128
May Trial Balance .....	128
Session 5.3 .....	137
Why is a Trial Balance Important? .....	137
Session 5.4 .....	150
June Trial Balance: Finding and Correcting Errors .....	150
Session 5.5 .....	155
End of Chapter 5 Review .....	155
Annex 1: Extra Trial Balance Exercise 1 .....	157
Annex 2: Extra Trial Balance Exercise 2 .....	166
Session 6.1 .....	179
Why Provide Financial Reports? .....	179
Session 6.2 .....	183
May Financial Report Example .....	183
Session 6.3 .....	192
June Financial Report .....	192
Session 6.4 .....	202
End of Chapter 6 Review .....	202
Session 7.1 .....	207
Following the rules in a donor contract .....	207
Session 7.2 .....	214
Managing Finances with Multiple Donors .....	214
Session 7.3 .....	218
July: Two Donor Simulation .....	218
Session 7.4 .....	242
End of Chapter 7 Review .....	242
Session 8.1 .....	248
Situations that Challenge Financial Integrity .....	248
Session 8.4 .....	255
Final Questions .....	255
Session 8.5 .....	257
Developing a Training Plan .....	257
Evaluation of Training .....	258



## Session 4.1

### What is a Bank Reconciliation?

LEARNING OBJECTIVES	
<b>By the end of this session, participants will know:</b>	
→	what a bank reconciliation is and why it is important.

Learning Time	Facilitator's Materials
15 minutes	<u>Flip Charts</u> <ul style="list-style-type: none"> <li>• What is a Bank Reconciliation ( shown in Key Ideas)</li> <li>• Blank flip chart paper</li> </ul>

SESSION OVERVIEW	
<b>Activity 1</b>	The facilitator explains “What is a Bank Reconciliation”.
<b>Activity 2</b>	<b>Q&amp;A</b> , the facilitator asks participants questions to confirm they understand the purpose of a bank reconciliation.

#### Key Ideas

What is a Bank Reconciliation?
<ul style="list-style-type: none"> <li>• The bank book is a record of the money that moves in and out of your bank account.</li> <li>• The bank statement is the bank's record of the same transactions. Since both records are about the same money, the records should be the same. But often they are not!</li> <li>• A bank reconciliation compares your bank book and the bank statement issued by your bank each month. The purpose is to find and keep track of the differences between the bank book and the bank statement.</li> <li>• There are three main reasons for differences between the bank book and the bank statement:             <ol style="list-style-type: none"> <li>1. a transaction is missing from your bank book;</li> <li>2. a transaction is missing from the bank statement; or</li> <li>3. the wrong amount was recorded.</li> </ol> </li> <li>• Bank reconciliations are done monthly</li> </ul>

**Trainers Note:** Do not spend too much time explaining the concept. Most participants do not have any experience doing a bank reconciliation. They will need to see it done to make sense of it. Keep the explanation simple in this session.

## **Introduction**

You have already learned about a cash reconciliation.

A cash reconciliation compares actual receipts with the receipts recorded in the cash book. Now, we are going to learn about a bank reconciliation. The bank reconciliation compares the transactions recorded in your bank book with the transactions recorded in your bank statement.

### **Activity 1: Explain Bank Reconciliation**

Write on the flip chart paper:

Bank Book	Bank Statement
Transactions we have recorded	Transactions the bank has recorded

Put up the “What is a Bank Reconciliation” flip chart. Introduce the key ideas.

### **Activity 2: Question and Answer**

#### **How is a bank reconciliation different from a cash reconciliation?**

*A cash reconciliation compares the receipts recorded in the cash book with the actual receipts,*

*A bank reconciliation compares the organization’s records with the bank’s records.*

*A cash reconciliation is done monthly and also immediately when we discover the cash in the safe is different from the cash book balance. A bank reconciliation is done monthly.*

#### **How is a bank reconciliation similar to a cash reconciliation?**

*Both reconciliations compare two things that should be the same. In both reconciliations if the two things are not the same then there are mistakes that we need to find, understand and correct.*

#### **Why do we do a bank reconciliation?**

*Our bank book and the bank statement might be different. By doing a bank reconciliation we find and correct mistakes and we keep track of the differences between the bank statement and the bank book.*

#### **If the bank book and the bank statement record the same transactions, why might they be different?**

- 1) a transaction is missing from your bank book;*
- 2) a transaction is missing from the bank statement; or*
- 3) the wrong amount was recorded.*

#### **How often do you do a bank reconciliation? Why?**

*A bank reconciliation is done every month because the bank should issue a bank statement every month.*

## Session 4.2

### How to do a Bank Reconciliation

LEARNING OBJECTIVES	
<b>By the end of this session, participants will know:</b>	
→	how to do a bank reconciliation..

Learning Time	Facilitator's Materials
30 minutes	<p><b>Materials</b></p> <p><u>Participant Materials:</u> Bank Reconciliation Steps</p> <p><u>Flip Chart</u></p> <ul style="list-style-type: none"> <li>• Sincerity January bank statement</li> <li>• Sincerity January bank book</li> <li>• Blank Bank Reconciliation Form</li> <li>• Bank Reconciliation Overview</li> <li>• Bank Reconciliation Steps</li> <li>• Understanding the Bank Reconciliation Form</li> <li>• Receipt for Check #24 Custovao's Outstanding Office Furniture 8,927</li> </ul>

SESSION OVERVIEW	
Using Sincerity's January Bank Book and Bank Statement, Facilitators guide participants through the steps of a bank reconciliation. In the process, participants will find a bank book entry error, a bank charge that was not entered in the bank book, and a check that does not appear in the bank statement.	
<b>Activity 1</b>	Participants compare the bank statement and the bank book.
<b>Activity 2</b>	Participants identify missing or inaccurate entries in the Bank Book.
<b>Activity 3</b>	Participants correct the Bank Book entries that are missing or inaccurate.
<b>Activity 4</b>	Participants recalculate the Bank Book balances.
<b>Activity 5</b>	Participants identify missing or inaccurate entries in the Bank Statement.
<b>Activity 6</b>	Participants fill out the bank reconciliation form.
<b>Activity 7</b>	Facilitator reviews Bank Reconciliation.

#### Key Ideas

<b>Bank Reconciliation Overview</b>
-------------------------------------

- 1) Do not take short-cuts. Follow the steps in the order presented. Be methodical and careful.
- 2) Look for the same entries in both the bank book and the bank statement. When the entries are the same tick **both** the entry in the bank book and the entry in the bank statement.
- 3) There are three main reasons for differences between the bank book and the bank statement: 1) a transaction is missing from your bank book; 2) a transaction is missing from the bank statement; or 3) the wrong amount was recorded.
- 4) A bank reconciliation accomplishes three things:
  - a) We find and correct entries that were incorrectly recorded.
  - b) We find transactions that are missing from the bank book and add them to the bank book.
  - c) We find transactions that are missing from the bank statement and add them to the bank reconciliation form.
- 5) We cannot add or subtract entries from the bank statement. The bank statement is the bank's record. It is not our record. So we use a 'bank reconciliation form' to keep track of missing transactions or mistakes that the bank has made.

## Introduction

**Step One:** Put up 3 flip charts: 'Sincerity's January bank statement' and 'Sincerity's January bank book' and 'bank reconciliation steps'

**Step Two: Introduce activity:** Managing finances effectively means being careful and methodical. Taking shortcuts usually causes confusion or results in missing information. We are going to show you a methodical way of comparing the bank book and the bank statement. This is called a bank reconciliation.

### Sincerity's Bank Statement: 1 January to 31 January,

Date	Check No.	Transaction	Credit	Debit	Balance
<b>1-Jan</b>		<b>Opening Balance</b>			<b>27,890</b>
2-Jan		CNCS Wire Transfer	50,000		77,890
2-Jan		Wire Transfer Fee		500	77,390
3-Jan		Overcounter Statement		50	77,340
8-Jan	0022	Cash		7,000	70,340
10-Jan	0023	Cash		6,000	64,340
14-Jan	0021	Miguel's Hotel		8,995	55,354
14-Jan	0025	Cash		10,000	45,354
19-Jan	0024	Custovao's Outstanding Office Furniture		8,927	36,418
25-Jan		Bank Fees		150	36,268
<b>31-Jan</b>		<b>Closing Balance</b>			<b>36,268</b>

**Sincerity Bank Book January**

Date	Check No./Other	From/To (Payee/Vendor)	Description	In	Expense	Out	Balance	Reconciliation
1-Jan		<b>Opening Balance</b>					<b>27,890</b>	
2-Jan		CNCS	Funding tranche #3	50,000			77,890	
2-Jan		BIM	Wire Transfer Fee			500	77,390	
6-Jan	0021	Miguel's Hotel	Accommodation for Workshop Participants		8,995	8,995	68,395	
8-Jan	0022	Cash	Transfer to Cash			7,000	61,395	
10-Jan	0023	Cash	Transfer to Cash			6,000	55,395	
11-Jan	0024	Custovao's Outstanding Office Furniture	Desk, Table, Chairs		8,957	8,957	46,438	
14-Jan	0025	Cash	Transfer to Cash			10,000	36,438	
28-Jan	0026	Moz Telcomm	Jan Telephone		2,525	2,525	33,913	
3-Jan		BIM	Overcounter Statement		50	50	33,865	
			<b>Ending Balance</b>				<b>33,865</b>	
			<b>Total</b>	<b>50,000</b>	<b>20,527</b>	<b>44,027</b>		

**Step Three:** Looking at the bank statement and the bank book

The bank statements we are using in this training have more detail on them than real bank statements, to help you learn how to do a reconciliation. Your own bank statements will have less detail but still enough detail to do a reconciliation.

Notice the extra space at the bottom of the bank book for corrections.

Are the Closing Balances of the bank statement and bank book the same?

Bank statement balance = 36,268

Bank Book balance = 33,865

We need to find out why!

<b>Bank Reconciliation Steps</b>
<p><b>Step 1:</b> Compare the bank statement and the bank book. Tick entries that are the same in both.</p>
<p><b>Step 2:</b> Identify missing or inaccurate entries in the Bank Book (these are the entries without ticks in the Bank Statement)</p>
<p><b>Step 3:</b> Correct the Bank Book entries that are missing or inaccurate.</p>
<p><b>Step 4:</b> Recalculate the Bank Book balances</p>
<p><b>Step 5:</b> Identify missing or inaccurate entries in the Bank Statement (these are the entries without ticks in the Bank Book)</p>
<p><b>Step 6:</b> Fill out the bank reconciliation form</p>

## **Activity 1: Participants Compare the Bank Statement and the Bank Book**

**Step One:** Ask several volunteers to come up to the board.

**Step Two:** Call out an entry in the bank statement

- Have the first participant find the corresponding entry in the bank book.
- She ticks both if they are exactly the same.

Don't make any corrections yet! When the participant is finished, tell him/her to sit down. Call up another participant. Call out the next entry in the bank statement and ask the participant to find the corresponding entry and tick both if they are exactly the same. Continue until you have read out all of the entries.

We are not comparing the balances! We are comparing the "In" and "Out" entries only! The order of the entries in the bank statement and the bank book are often not the same, so the balances may not agree.

*Activity 2: Participants identify missing or inaccurate entries in the Bank Book (these are the entries without ticks in the Bank Statement)*

**Step One:** Ask a participant to come to the board and identify the missing or inaccurate entries in the bank book

Some transactions in the bank statement do not have a tick mark. There will be one of two reasons:

- 1) it was entered differently in the bank book; OR
- 2) it was not entered in the bank book.

Trainer's note:

There is one missing entry: 25 January Bank Fee 150

There is one entry that is different, Check # 4 should be 8,927 (Bank Statement is correct)

Show the participants the flip chart check #4, which represents a copy of the check, so they can verify the bank statement is correct.

**Activity 3: Participants correct the Bank Book Entries that are missing or inaccurate**

**Step One:** Review how to correct errors

There are two types of errors:

- 1) Math errors in the balance column, and we correct those by taking the difference and putting it in either the in or out columns, depending if the correct amount is too small or too big.

2) **Entry errors** where we wrote the wrong number, to correct these, we reverse the transaction on one line and then re-record it again correctly in the next line.

Step Two: Ask a participant to come to the board and identify a transaction in the bank statement that does not have a tick mark, and decide if a correction is needed in the bank book. If so, then ask the participant to correct the bank book.

Step Three: Participant Adds Bank Fees of 150 to bank book

Step Four: Participants corrects entry error for check #4 by reversing it and then re-entering it.

**For check # 4. Don't forget to ask participants how they know which one is correct. Check the receipt, the check register and if there is a copy of the check**

**In this case, all the evidence shows us that the bank book is wrong and the bank statement is correct.**

When making corrections: Never erase! Never cross things out! Never insert new entries in between existing entries! Make corrections and new entries after the last entry.

When an entry has been corrected make sure participants tick the original entry, the correction, and the corresponding entry in the bank statement.

#### **Activity 4: Participants Recalculate the Bank Book Balances**

Step One: Ask participants to re-calculate the bank book balances for math errors.

Use your calculators and if needed a piece paper and check the bank balances. If you find a mistake raise your hand.

Allow enough time for everyone to do the math.

Step Two: A participant finds the mistake

Step Three: A participant corrects the mistake on the flip chart of Sincerity's Bank Book.

- They take the difference of '2' and put it in the out column.

The balance for 3 Jan, BIM over-counter statement was wrongly calculated. 33,865 were recorded which is 2 meticaais too much (should be 33,863)

Because it was too much, we put the difference in the out column.

The Bank Book should look like the one below.

#### **Sincerity Bank Book**

Date	Check No./Other	From/To (Payee/Vendor)	Description	In	Expense	Out	Balance	Rec
------	-----------------	------------------------	-------------	----	---------	-----	---------	-----

1-Jan		<b>Opening Balance</b>					<b>27,890</b>	<b>X</b>
2-Jan		CNCS	Funding Tranch3 #3	50,000			77,890	X
2-Jan		BIM	Wire Transfer Fee			500	77,390	X
6-Jan	0021	Miguel's Hotel	Accommodation for Workshop Participants		8,995	8,995	68,395	X
8-Jan	0022	Cash	Transfer to Cash			7,000	61,395	X
10-Jan	0023	Cash	Transfer to Cash			6,000	55,395	X
11-Jan	0024	Custovao's Outstanding Office Furniture	Desk, Table, Chairs		8,957	8,957	46,438	X
14-Jan	0025	Cash	Transfer to Cash			10,000	36,438	X
28-Jan	0026	Moz Telcomm	Jan Telephone		2,525	2,525	33,913	
3-Jan		BIM	Overcounter Statement		50	50	33,865	X
31-Jan	0024	11 Jan, Custovao's Furniture	Reversal	8,957	-8,957		42,822	X
31-Jan	0024	11 Jan, Custovao's Furniture	Correction, Desk, Table, Chairs		8,927	8,927	33,895	
31-Jan		BIM	Bank Fees		150	150	33,745	X
31 Jan		3 Jan, BIM	Math error			2	33,743	
			<b>Ending Balance</b>				<b>33,743</b>	
			<b>Total</b>	<b>58,957</b>	<b>20,647</b>	<b>53,106</b>		

**Step Four:** Participants recalculate the balances of the bank book and bank statement to see if they are the same.

*No, they are still different.*

Bank statement Closing Balance = 36,268;

Bank Book Closing Balance = 33,743.

**Activity 5: Identify missing or inaccurate entries in the Bank Statement (these are the entries without ticks in the Bank Book)**

**Step One:** A volunteer points out the missing or inaccurate entries in the bank statement (which will be the entries without ticks on the bank book)

- The bank book entry without a tick is Moz Telecom 2, 525

Step Two: Put up the blank Bank Reconciliation Form

**Activity 6: Participants fill out the Bank Reconciliation Form**

**Step 1:** A participant fills in the first step of Bank Reconciliation Form. When he/she is finished have them sit down again.

**ALSO!** Review meaning of step two of Bank Reconciliation Form:

**Before going to Step 2 in the Bank Reconciliation Form make sure participants understand what "Checks not shown on the bank statement" means.**

*These are checks that appear in the bank book, but not in the bank statement. The bank has not yet taken the money from the account.*

**Why would a check appear in the bank book, but not in the bank statement?**

*Most likely the vendor has not presented the check to the bank.*

**Where will you find “Checks not shown on the Bank Statement?”**

*They will be the bank book entries that do not have a tick next to them.*

**Step 2** A participant fills in the second step of Bank Reconciliation Form. When he/she is finished have them sit down again.

- The missing deposit is for Moz Telecom 2, 525

ALSO! Review meaning of step three of Bank Reconciliation Form:

**Before going to Step 3 in the Bank Reconciliation Form make sure participants understand what “Deposits not shown on the bank statement” means.**

*These are deposits that appear in the bank book, but not in the bank statement. The bank has not yet credited the money into the account.*

**Why would a deposit appear in the bank book, but not in the bank statement?**

*The bank made a mistake.*

**Where will you find “Deposits not shown on the Bank Statement?”**

*They will be the bank book transactions recorded in the ‘in’ column that does not have a tick next to them.*

**Step 3** Participants identify if there are any deposits not shown in the bank statement

**Are there any “Deposits not shown on the Bank Statement? Which is step three in the bank reconciliation form.**

*No.*

**Step 4:** Call a participant to the board to complete steps 4 – 6 of the bank reconciliation form

**When a Bank Reconciliation Form is completed it is signed and dated. Why?**

*It is signed and dated to prove that it was done in a timely manner. This demonstrates that the organization is managing its funds properly. It is also signed so that if there are questions, we know who to ask.*

**January Completed Bank Reconciliation Form Sincerity (Option A)**

**MZM Bank Reconciliation as of (January, 2009)**

**MZM Bank Account Number:**

\_\_\_\_\_

**Amount**

<b>A</b>	<b>(+) Bank Account Ledger (Ending Month Balance)</b>	33,743	<b>Step 1</b>
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<b>B</b>	(+) <b> Outstanding Checks (Checks that do not appear on current month bank statement)</b>	<b>Step 2</b>																
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 15%;">Check No.</th> <th style="width: 50%;">Payee/Vendor</th> <th style="width: 25%;">Amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td></td> <td>Moz Telecom</td> <td style="text-align: right;">2,525</td> </tr> <tr> <td style="text-align: center;">2</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="3" style="text-align: right;">Total Outstanding Checks = 1 + 2 =</td> <td style="text-align: right;">2,525</td> </tr> </tbody> </table>	Date	Check No.	Payee/Vendor	Amount	1		Moz Telecom	2,525	2				Total Outstanding Checks = 1 + 2 =			2,525	
Date	Check No.	Payee/Vendor	Amount															
1		Moz Telecom	2,525															
2																		
Total Outstanding Checks = 1 + 2 =			2,525															
<b>C</b>	(-) <b> Outstanding Deposits (Deposits that do not appear on current month bank statement)</b>	<b>Step 3</b>																
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 10%;">Date</th> <th style="width: 15%;">Deposit No.</th> <th style="width: 50%;">Payee/Vendor</th> <th style="width: 25%;">Amount</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">2</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="3" style="text-align: right;">Total Outstanding Deposits = 1 + 2 =</td> <td></td> </tr> </tbody> </table>	Date	Deposit No.	Payee/Vendor	Amount	1				2				Total Outstanding Deposits = 1 + 2 =				
Date	Deposit No.	Payee/Vendor	Amount															
1																		
2																		
Total Outstanding Deposits = 1 + 2 =																		
<b>D</b>	<b>Adjusted Bank Account Ledger = (A + B - C) =</b>	36,268	<b>Step 4</b>															
<b>E</b>	<b>Bank Statement Balance (Ending Month Balance)</b>	36,268	<b>Step 5</b>															
<b>F</b>	<b>Difference of D- E (should be zero &amp; explain differences in there is any)</b>	0	<b>Step 6</b>															

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by: **Palmyra Vicente** Date: **1 feb 2007**

**January Completed Bank Reconciliation Form Sincerity (Option B)**

Bank Reconciliation	Month: <b>January</b>	Year: <b>2009</b>
<b>Step 1</b>	Bank Statement Balance at end of month (row 1)	36,268

<b>Step 2: Checks not shown on bank statement</b>		
No.	Description	amount
	Moz Telecom	2,525
<b>Total (row 2)</b>		2,525

<b>Step 3: Deposits not shown on bank statement</b>		
No.	Description	amount
<b>Total (row 3)</b>		0

<b>Step 4</b>	Row 1 minus row 2, then add row 3	33,743
<b>Step 5</b>	Bank Balance	33,743
<b>Step 6</b>	Subtract step 5 from step 4	0
Signature	<b>Palmyra Vicente</b>	date <b>1 feb 2007</b>

## Activity 7: Review

**Step 1** Put up “Bank Reconciliation Overview”.

**Step 2:** Participants read “Bank Reconciliation Overview” and discuss

**Step 3** Put up “Understanding the Bank Reconciliation Form”.

**Step 4:** Participants read “Understanding the Bank Reconciliation Form” and discuss

<b>Understanding the Bank Reconciliation Form</b>	
❖	The bank statement balance should equal the bank book balance once we account for all of the mistakes and missing transactions.
❖	We <b>deduct</b> all of the checks not shown on the bank statement from bank statement’s closing balance because they have been deducted in the bank book, but not from the bank statement.
❖	We <b>add</b> all of the deposits not shown on the bank statement because they have already been added to the bank book, but not to the bank statement.

### Important Discussion Points:

When a check is not shown in the bank statement, it has to be listed in the bank reconciliation form **each month until it appears in the bank statement.**

When it appears in the bank statement, tick it, and also tick it in the month it appears in your bank book.

**What will happen to the Moz Telkom Check next month?  
(These instructions are for all checks that are not in the bank statement)**

*If it appears in the bank statement the following month, check to make sure that it is for the same amount as in your bank book. If it is, then tick both the bank book entry (from the previous month) and the bank statement entry to show that it is reconciled.*

*If it appears in the bank statement, but is different from the amount in your bank book and if the bank book is wrong, you will have to make a correction in your bank book at the bottom of the last entry in the current month. Do not go back to the previous month and change anything! Then tick the entries as reconciled.*

*If it does not appear in the bank statement, the check will continue to stay in the “Checks not Shown in the Bank Statement,” each month until it does appear.*

**If someone asks “What do you do if the bank statement is wrong? Tell them this will be discussed in the next session.**

### Session 4.3

#### When Bank Statements and Bank Books Do Not Agree

LEARNING OBJECTIVES	
<b>By the end of this session, participants will have:</b>	
→	a better understanding about what to do with bank book and bank statement entries that do not agree.

Learning Time	Facilitator's Materials
45 minutes	<p><b><u>Preparation</u></b>  <u>Participant Materials</u>            When the bank book and bank statement do not agree</p> <p><u>Flip Chart</u></p> <ul style="list-style-type: none"> <li>• Blank bank reconciliation form</li> <li>• When you find differences between the Bank Statement and Bank Book– Key Ideas</li> <li>• Six Reasons Why the Bank Statement and the Bank Book May Not Agree</li> <li>• Bank Statement: Six Reasons Why</li> <li>• Bank Book: Six Reasons Why</li> </ul>

SESSION OVERVIEW	
In this session, participants learn about the six main reasons why the bank statement and the bank book may not agree and what to do about it.	
<b>Activity 1</b>	Participants read aloud and discuss the handout “When the bank book and the bank statement do not agree.” After each reason for a discrepancy, the facilitator demonstrates the discrepancy on the flip charts. Then, the facilitator asks participants to read the suggested actions below the reason. Before going to the next reason, the facilitator asks participants to identify which main idea applies to the suggested action. Be prepared to answer questions.
<b>Activity 2</b>	The second activity is the Reconciliation Game. Participants compete in groups of 3 or 4 people to answer 7 reconciliation questions. If there is not enough time reduce the number of questions.

#### Key Ideas

<b>When you find differences between the bank statement and the bank book</b>	
1)	If there is a problem with the bank statement, it is corrected in the bank reconciliation form.
2)	If there is a problem with the bank book, it is corrected in the bank book.

## Introduction

In this session we will learn about the main reasons why the bank statement and the bank book do not always agree. We will discuss what should be done for each reason.

### Activity 1: Read and Discuss “When the Bank Book and the Bank Statement Do Not Agree”

Step 1: Put up the five flip charts:

- Blank Bank Reconciliation form,
- Six Reasons Why the Bank Statement and the Bank Book May Not Agree,
- Bank Book: Six Reasons Why
- Bank Statement: Six Reasons Why
- When you find difference between the bank book and bank statement

Step 2: Participants locate the handout “When the Bank Book and the Bank Statement Do Not Agree.”

Step 3: Participants read aloud the handout “When the bank book and the bank statement do not agree.”

After each reason in the handout “when the bank book and bank statement do not agree”, stop and show the discrepancy on the flip charts.

The flip chart “Six Reasons Why the Bank Statement and the Bank Book May Not Agree” is a summary of the reasons with a reference to the discrepancy (see below).

The flip charts “Bank Statement: Six Reasons Why” and “Bank Book Six Reasons Why” illustrate the discrepancies.

Once they understand the discrepancy, ask participants to continue reading the “Suggested Action.” After each “Suggested Action”, ask them which of the two key ideas applies. Be prepared to answer questions.

<b>Six Reasons Why the Bank Statement and Bank Book May Not Agree</b>	
<b>Reason 1:</b>	<b>Bank charges appear in the bank statement, but not in the bank book.</b> (See flip chart “Bank Statement: Six Reasons Why,” 1 Jan, Wire Transfer Fee, Mt. 250)
<b>Reason 2:</b>	<b>A check appears in the bank statement, but not in the bank book</b> (See flip chart “Bank Statement: Six Reasons Why,” 3 Jan, Check 2, Cash, Mt. 15,000)
<b>Reason 3:</b>	<b>A check appears in the bank book, but not in the bank statement.</b> (See flip chart “Bank Book: Six Reasons Why,” 6 Jan, Check 5, Palmira, Mt. 2,000)

<b>Reason 4:</b>	<b>Income appears in the bank statement, but not in the bank book.</b> (See flip chart “Bank Statement: Six Reasons Why,” 15 Jan, CNCS Wire Transfer, Mt. 20,000)
<b>Reason 5:</b>	<b>Income appears in the bank book, but not in the bank statement.</b> (See flip chart “Bank Book: Six Reasons Why,” 20 Jan, CNCS Tranche # 10, Mt. 7,500)
<b>Reason 6:</b>	<b>An entry appears in both the bank book and the bank statement, but the amounts are different.</b> (See flip chart “Bank Statement: Six Reasons Why,” 25 Jan, Check 6, Papelaria Rex, Mt. 18,959 <b>AND</b> flip chart “Bank Book: Six Reasons Why,” 25 Jan, Check 6, Papelaria Rex, Mt. 18,995)

### **When the bank book and the bank statement do not agree**

This handout explains what to do when the bank book balance and the bank statement balance do not agree. Note that the bank will record the date that the check is cashed, while the bank book will show the date that the check is written. This is a normal difference. It does **not** mean that the bank book balance and the bank statement balance do not agree.

There are basically six reasons for disagreement between the bank statement balance and the bank book balance. They are listed below along with suggested actions.

**Reason 1:**     *Bank charges appear in the bank statement, but not in the bank book.*

#### **Suggested Action**

- 1) If it is a valid bank charge, add the entry in the Bank Book. If you are not sure, go to the bank and ask.
- 2) If it is not a valid bank charge, you will **not** enter it in your bank book. You will enter it in the bank reconciliation sheet under “deposits not shown in the bank statement.”
  - a) Get the bank to reverse the charge. If it is not reversed the next month, go to the bank and remind them to reverse it.
  - b) Until it is reversed you have to record it in ‘deposits not showed in the bank statement’ in the bank reconciliation form each month until the bank reverses it.
  - c) When the bank reverses the charge, you won’t have to record the charge in your bank reconciliation form. Your reconciliation will balance.

**Reason 2:**     *A check appears in the bank statement, but not in the bank book.*

#### **Suggested Action**

- 1) Look in your check book to see if there is a missing check. Also look in your check registry. Look through the receipts to see if you forgot to enter the check in the bank book. If you find a receipt and there is evidence that the check has been written, add it to your bank book. If you are not sure, go to the bank and ask the bank for a copy of the check.
- 2) If you do not find a receipt and you do not think it is a check you wrote, go to the bank and ask for a copy of it.
  - a) If it is not your check, ask the bank to reverse the charge and record the check in the bank reconciliation form under “deposits not shown on the bank statement.” It is a “deposit not shown” because the bank has mistakenly deducted this amount and it will

reverse the charge. The reversal means that they will **deposit** or give back, the money they took out by mistake.

- b) If it appears to be your check (signatures match authorized signatories) enter the check in the bank book. Meanwhile, ask the bookkeeper and the person(s) who signed the check to discover why it was not recorded in the bank book and find the receipt that you have filed in your folder

**Reason 3:** *A check appears in the bank book, but not in the bank statement.*

**Suggested Action**

The vendor has not presented the check to the bank in time for it to appear on the bank statement. This should be entered in the bank reconciliation form under “checks not shown on the bank statement.”

**Reason 4:** *Income appears in the bank statement, but not in the bank book.*

Banks often don’t issue receipts when income is received. The CBO may not learn about the income until it gets the bank statement.

**Suggested Action**

- 1) If it is clearly coming from an expected source (i.e., a donor) enter it in the bank book.
- 2) If it is a mistake, alert the bank and enter the amount in the bank reconciliation form under “checks not shown on the bank statement.” It is not technically a check that is not shown, but it will be reversed in the bank statement, so the amount will have to be deducted from the closing bank balance. Do not keep the money! Eventually, the bank is very likely to discover the mistake and then reverse the deposit **without warning**. You might then find yourself with no money in your account!

**Reason 5:** *Income appears in the bank book, but not in the bank statement.*

**Suggested Action**

This should be entered in the bank reconciliation form under “deposits not shown on the bank statement.”

**Reason 6:** *An entry appears in both the bank book and the bank statement, but the amounts are different.*

**Suggested Action**

Imagine that the bank statement shows an amount of 8,467 for Miguel’s Hotel. In the bank book, the same transaction is 8,476. What do you do?

- 1) Look at the original receipt and the check. Most likely, the original receipt shows the correct amount.
- 2) If the original receipt and the check correspond to the amount in the Bank Statement, correct the amount in the Bank Book, after the last entry.
- 3) If the original receipt corresponds to the amount in the Bank Book, go to the bank and get a copy of the check.
  - a) If the amount on the check is the same as the receipt, but different from the amount in the bank statement, show the bank the bank statement and have the bank correct their mistake.
    - i) If the bank statement amount is less than the bank book amount, record the difference as a check not shown on the bank statement. So in the example with

Miguel's Hotel, we would record 9 metacais as a check not shown. This would then be subtracted from the bank balance. It is not technically a check not shown, but the bank will **deduct** this amount when making the correction and it will then match the bank book amount.

- ii) If the bank statement amount is greater than the bank book amount, record the difference as a deposit not shown on the bank statement. It is a deposit not shown because the bank will **deposit** this amount when making the correction.
  - iii) The next month make sure that the bank error is reversed. If it not reversed you have to record it again in the bank reconciliation form in the same place. Keep doing this until it is reversed.
- b) If the amount on the check is different from the receipt, but the same as the amount in the bank statement, you wrote the amount incorrectly on the check.
- i) Change the amount in the bank book to match the check; and
  - ii) Go to the supplier with the copy of the check and the original receipt and correct the difference (either pay the supplier the balance or get a refund from the supplier).

## **Activity 2: The Reconciliation Game**

Divide participants into groups of 3 or 4 people. Give each group a number. Explain the rules of the reconciliation game to participants.

### **Rules**

- I will read out a statement about a transaction, and I will write the transaction on the flip charts.
- Your group has to explain precisely what you would do to reconcile the bank book and the bank statement.
- If your group thinks it has the correct answer call out your group number.
- I will call on the first group that calls out their group number. They will get a chance to answer first. If they are wrong, the next group is automatically selected to answer. So if there are 4 groups and Group 3 is first, but does not answer correctly, Group 4 gets a chance. If Group 4 answers incorrectly, Group 1 gets a chance. If Group 1 answers incorrectly, Group 2 gets a chance.
- If nobody answers correctly, nobody gets the points.
- You may only answer if I call your group. If you answer and I have not called your group you lose 5 points, even if you have the correct answer.
- Once I call on a group, that group has 5 seconds to answer. If there is no answer within 5 seconds, it passes to the next group.
- A correct answer is worth 5 points. An incorrect answer is 0 points.

The facilitator will use the blank bank statement and blank bank book to illustrate each question that is read out. In the example below, the facilitator will enter Mt. 150 in the bank statement.

### **Reconciliation Game Questions**

The first statement that I'm going to read out and write down does not count. It is an example.

**Example.** A Mt. 150 bank charge appears in the bank statement, but not in the bank book. The bank charge is not valid. [The facilitator enters 150 in the bank statement]

*Answer: In the Bank Reconciliation Form, enters Mt. 150 under "deposits not shown," and gets the bank to reverse the charge.*

### **Questions (Read them and write each example on the appropriate flip chart)**

1) A valid check for Mt. 600 appears in your bank book, but is not in the bank statement.

*Answer: In the Bank Reconciliation Form, enter Mt. 600 under "checks not shown in the bank statement."*

2) A valid bank charge of Mt. 100 appears in the bank statement, but not in the bank book.

*Answer: In the Bank Book, enter Mt. 100 in the "Out" column.*

3) A check for Mt. 589 appears in the bank statement, but appears in the bank book as Mt. 598. The receipt shows that the bank statement is correct.

*Answer: In the bank book, reverse it and enter the correct amount it.*

4) On 31 March, Success deposits Mt 1500 in the bank. The amount appears in the bank book, but does not appear in the bank statement.

*Answer: In the Bank Reconciliation Form, enter Mt. 1500 under "deposits not shown in the bank statement."*

5) A check for Mt. 7800 appears in the bank statement, but appears in the bank book as Mt. 7810. The bank statement is wrong.

*Answer: In the Bank Reconciliation Form, enter Mt. 10 under "checks not shown in the bank statement."*

6) A check for Mt 877 appears in the bank statement and appears in the bank book. The receipt also shows Mt. 877.

*Answer: Nothing to do. It is correct.*

- 7) A check for 5,000 appears in the bank statement, but does not appear in the bank book. The bank has made a mistake.

*Answer: In the bank reconciliation form, enter Mt. 5,000 under “deposits not shown in the bank statement.”*

### Bank Statement: Six Reasons Why

Date	Check	Transaction	Credit	Debit	Balance
		<b>Opening Balance</b>			<b>0</b>
1-Jan		CNCS Wire Transfer	25,000		25,000
1-Jan		Wire Transfer Fee		250	24,750
3-Jan	1	TDM		879	23,871
3-Jan	2	Cash		15,000	8,871
4-Jan	3	EDM		1,502	7,369
6-Jan	4	Cash		5,000	2,369
15-Jan		CNCS Wire Transfer	20,000		22,369
25-Jan	6	Papelaria Rex		18,959	3,410
		<b>Closing balance</b>			<b>3,410</b>

### Bank Book: Six Reasons Why

Date	Check No./Other	From/To (Payee/Vendor)	Description	In	Expense	Out	Balance	Rec
			<b>Opening Balance</b>				<b>0</b>	
1-Jan		CNCS	Tranche # 8	25,000			25,000	
3-Jan	1	TDM	Dec telephone bill		879	879	24,121	
4-Jan	3	EDM	Dec electric bill		1,502	1,502	22,619	
6-Jan	4	Cash	Transfer			5,000	17,619	
6-Jan	5	Palmira	Rent		2,000	2,000	15,619	
20-Jan		CNCS	Tranche #10	7,500			23,119	
25-Jan	6	Papelaria Rex	Office Supplies		18,995	18,995	4,124	
31-Jan			<b>Closing Balance</b>				<b>4,124</b>	
			<b>Total</b>	<b>32,500</b>	<b>23,376</b>	<b>28,376</b>		

## Session 4.4

### April Bank Reconciliation

LEARNING OBJECTIVES	
<b>At the end of this session, participants will be able to:</b>	
→	complete a bank reconciliation.

Learning Time	Facilitator's Materials
45 minutes	<p><u>Participants Materials</u></p> <ul style="list-style-type: none"> <li>• When the bank book and bank statement do not agree (from Session 15.3)</li> <li>• Bank Reconciliation Steps (from session 15.2)</li> <li>• Feliz March bank reconciliation form, completed</li> <li>• Feliz March bank statement</li> <li>• Feliz March bank book</li> <li>• Feliz April bank statement</li> <li>• Feliz April bank book</li> <li>• Blank bank reconciliation form</li> <li>• April Bank Receipts (to confirm any differences between bank statement and bank book)</li> </ul> <p><u>Flip Charts</u></p> <ul style="list-style-type: none"> <li>• When you find differences between the bank book and bank statement (from Session 15.3)</li> <li>• Bank Reconciliation Steps (from Session 15.2)</li> <li>• Feliz March bank reconciliation form, completed</li> <li>• Feliz March bank statement</li> <li>• Feliz March bank book</li> <li>• Feliz April bank statement</li> <li>• Feliz April bank book</li> <li>• Blank bank reconciliation form</li> </ul>

SESSION OVERVIEW	
<b>Activity One</b>	In pairs participants make a bank reconciliation for the month of April.
<b>Activity Two</b>	Facilitator reviews the April Bank Reconciliation.

#### Key Ideas

- 1) Do not take short-cuts. Follow the steps in the order presented. Be methodical and careful.
- 2) Look for the same entries in both the bank book and the bank statement. When the entries are the same tick **both** the entry in the bank book and the entry in the bank statement.
- 3) If there is a problem with the bank statement, it is corrected in the bank reconciliation form.

- 4) If there is a problem with the bank book, it is corrected in the bank book.
- 5) You need last month's bank reconciliation to ensure that all previous checks not cleared are either now accounted for or carried to the next month's bank reconciliation.
- 6) Look at the previous month's bank book and bank statement to ensure that the balances were correctly carried forward.

### **Introduction: Prepare Participants for the Activity**

**Step One:** Break participants into pairs. Explain they will do a bank reconciliation for the month of April.

**Step Two:** Participants locate their

- March bank statement,
- March bank book,
- the completed March Bank Reconciliation Form,
- April bank statement,
- April bank book,
- a blank bank reconciliation form (at the back of their 'Bank Reconciliation' binder.)

### **Step Three: Explain why they need March's bank book, bank statement and bank reconciliation to do April's bank reconciliation**

- You need last month's bank reconciliation to check that all previous checks that did not show up on last month's bank statement, are now on this month's bank statement.
- If they do not appear on the bank statement, you must record them again on the bank reconciliation form.
- If they do appear on the current month's bank statement, tick them  
in the current bank statement and  
in the bank book where they were recorded (in an earlier month)
- Also, look at the previous month's bank book and bank statement to ensure that the balances were correctly carried forward.

### **Activity One: Participants do the April Bank Reconciliation**

**Step One:** Participants complete a bank reconciliation for April.

!Tell participants that if an entry appears in both the bank statement and the bank book, but the amounts do not agree they should verify the correct amount by finding the receipt, or copy of the check.

## Activity Two: Facilitator reviews the April Bank Reconciliation

### Step 1: Put all the Flip charts

- When the bank book and bank statement do not agree (from Session 15.3)
- Bank Reconciliation Steps (from Session 15.2)
- March bank reconciliation form, completed
- March bank statement
- March bank book
- April bank statement
- April bank book
- Blank Bank Reconciliation Flip Chart

Ask volunteers to come up and demonstrate how they did each of the six steps of the “Bank reconciliation steps’ to complete the April Bank Reconciliation.

### Step 2 Participants will identify

- A. In March’s bank reconciliation check #14 to Palmira for 650 was not in the bank statement.
- B. In April we see that the check #14 to Palmira is in the bank statement, so we can tick it off in April’s Bank Statement and in March’s bank book
- C. bank fees are missing from Bank Book, so bank fees of 175 must be recorded in bank book
- D. Check #18 Miguel’s hotel, is incorrectly entered into bank book, correct amount is 10,675. The wrong amount must be reversed, and the correct amount entered.
- E. From the bank statement, Hilda’s Catering, check #19, for 5,500 is missing. It must be entered in bank reconciliation form, step 2.
- F. From the bank statement, check #20 to Palmira, 2000 is missing. It must be entered in bank reconciliation form, step 2.

Make sure they made the corrections correctly in the bank book!

### **Additional Questions:**

What checks can we expect to see in May’s Bank Statement that was missing from April’s bank statement? *Check #19 Hilda’s Catering 5,500 and checks #20 Palmira 2,000.*

What must we do if these two checks still do not appear in the bank statement?  
*We must record them on the May bank reconciliation form.*

### March Bank Statement, Feliz

Date	Check No.	Transaction	Credit	Debit	Balance
<b>1-Mar</b>		<b>Opening Balance</b>			<b>990</b>
1-Mar		CNCS Funding	23,000		23,990
2-Mar	11	EDM		721	23,269
3-Mar	12	TDM		624	22,645
3-Mar	13	Cash		13,000	9,645
<b>31-Mar</b>		<b>Closing Balance</b>			<b>9,645</b>

### March Bank Book, Feliz

Date	Check No./Other	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
			<b>Opening Balance</b>				990	
1 Mar		CNCS	Funding	23,000			23,990	
2 Mar	11	EDM	February Bill		721	721	23,269	
3 Mar	12	TDM	February Bill		624	624	22,645	
3 Mar	13	Cash	Transfer			13,000	9,645	
28 Mar	14	Palmira	Office Rent		650	650	8,995	
31 Mar			<b>Closing Balance</b>				<b>8,995</b>	
			<b>Total</b>	<b>23,000</b>	<b>1,995</b>	<b>14,995</b>		

### Option 1:

<b>Bank Reconciliation Month: March; Year:</b>		
<b>Step 1</b> Bank Statement Balance at end of month (row 1)		9,645
<b>Step 2:</b> Checks not shown on bank statement		
No.	Description	Amount
14	Palmira	650
<b>Total (row 2)</b>		650
<b>Step 3:</b> Deposits not shown on bank statement		
No.	Description	Amount
<b>Total (row 3)</b>		0
<b>Step 4</b>	Row 1 minus row 2, then add row 3	8,995
<b>Step 5</b>	Bank Book Balance	8,995
<b>Step 6</b>	Subtract step 5 from step 4	0
Signature	date	

**Option2:**

**MZM Bank Reconciliation as of (March, Year)**

MZM Bank Account Number: \_\_\_\_\_ Amount

<b>A</b>	(+) <b> Bank Account Ledger (Ending Month Balance)</b>	8,995	<b>Step 1</b>
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<b>B</b>	(+) <b> Outstanding Checks (Checks that do not appear on current month bank statement)</b>		<b>Step 2</b>	
	<b>Date</b>	<b>Check No.</b>	<b>Payee/Vendor</b>	<b>Amount</b>
1		14	Palmira	650
2				
Total Outstanding Checks = 1 + 2 =				650

<b>C</b>	(-) <b> Outstanding Deposits (Deposits that do not appear on current month bank statement)</b>		<b>Step 3</b>	
	<b>Date</b>	<b>Deposit No.</b>	<b>Payee/Vendor</b>	<b>Amount</b>
1				
2				
Total Outstanding Deposits = 1 + 2 =				

<b>D</b>	Adjusted Bank Account Ledger = (A + B - C) =	9,645	<b>Step 4</b>
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<b>E</b>	Bank Statement Balance (Ending Month Balance)	9,645	<b>Step 5</b>
----------	---	-------	---------------

<b>F</b>	Difference of D- E (should be zero & explain differences in there is any)	0	<b>Step 6</b>
----------	---	---	---------------

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

**Bank Statement: 1 April to 31 April, Feliz**

Date	Check No.	Transaction	Credit	Debit	Balance
1-Apr		Opening Balance			9,645
2-Apr		CNCS Wire Transfer	50,000		59,645
2-Apr	15	Cash		20,000	39,645
4-Apr	14	Palmira		650	38,995
5-Apr	16	TDM		737	38,258
5-Apr	17	EDM		793	37,465
7-Apr	18	Miguel's Hotel		10,675	26,790
9-Apr		Wire Transfer Fee		1,500	25,290

9-Apr		Overcounter balance request		100	25,190
28-Apr		Bank Fees		175	25,015
<b>31-Apr</b>		<b>Closing Balance</b>			<b>25,015</b>

By the end of this session participants should have corrected their April bank book and the April bank book and the April bank statement should be reconciled.. See below for correct work.

1) Corrections in the bank book are highlighted.

### Correct April Bank Book, Feliz

Date	Check No./Other	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
1-Apr			<b>Opening Balance</b>				<b>8,995</b>	
2-Apr		CNCS	Funding Tranche #4	50,000			58,995	
2-Apr	15	Cash	Transfer to cash			20,000	38,995	
5-Apr	16	TDM	March Telephone Bill		737	737	38,258	
5-Apr	17	EDM	March Electric Bill		793	793	37,465	
6-Apr	18	Miguel's Hotel	Accommodation for Workshop Participants		10,657	10,657	26,808	
7-Apr	19	Hilda's Catering	Food for Workshop		5,500	5,500	21,308	
9-Apr		Standard Bank	Wire Transfer fee		1,500	1,500	19,808	
9-Apr		Standard Bank	Overcounter balance request		100	100	19,708	
29-Apr	20	Palmira	May Rent		2,000	2,000	17,708	
28-Apr		Standard Bank	Bank Fees		175	175	17,533	
31-Apr	18	6 Apr, Miguel's Hotel	Reversal	10,657	-10,657		28,190	
31-Apr	18	6 Apr, Miguel's Hotel	Re-entry, Accommodation		10,675	10,675	17,515	
<b>31 Apr</b>			<b>Closing Balance</b>				<b>17,515</b>	
			<b>Total</b>	<b>60,657</b>	<b>21,480</b>	<b>52,137</b>		

### Correct Bank Reconciliation, Feliz (Option 1)

Bank Reconciliation Month: April; Year:		
<b>Step 1: Bank Statement Balance at end of month (row 1)</b>		25,015
<b>Step 2: Checks not shown on bank statement</b>		
No.	Description	Amount
20	Palmira	2,000
19	Hilda's Catering	5,500
<b>Total (row 2)</b>		7,500
<b>Step 3: Deposits not shown on bank statement</b>		
No.	Description	amount
<b>Total (row 3)</b>		0

<b>Step 4:</b>	Row 1 minus row 2, then add row 3	17,515
<b>Step 5:</b>	Bank Book Balance	17,515
<b>Step 6:</b>	Subtract step 5 from step 4	0
Signature _____		Date _____

**Option2:**

**MZM Bank Reconciliation as of \_\_\_\_\_ (March, Year)**

**MZM Bank Account Number:**  
\_\_\_\_\_

**Amount**

**A** (+) Bank Account Ledger (Ending Month Balance) 17,515 Step 1

**B** (+) Outstanding Checks (Checks that do not appear on current month bank statement) Step 2

	Date	Check No.	Payee/Vendor	Amount
1		20	Palmira	2,000
2		19	Hilda's Catering	5,500
Total Outstanding Checks = 1 + 2 =				7,500

**C** (-) Outstanding Deposits (Deposits that do not appear on current month bank statement) Step 3

	Date	Deposit No.	Payee/Vendor	Amount
1				
2				
Total Outstanding Deposits = 1 + 2 =				

**D** Adjusted Bank Account Ledger = (A + B - C) = 25,015 Step 4

**E** Bank Statement Balance (Ending Month Balance) 25,015 Step 5

**F** Difference of D- E (should be zero & explain differences in there is any) 0 Step 6

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

Approved by \_\_\_\_\_ Date: \_\_\_\_\_

## Session 4.5

### End of Chapter 4 Review

LEARNING OBJECTIVES	
<b>By the end of this session, participants will have:</b>	
→	reviewed the main ideas of the chapter.

Learning Time	Facilitator's Materials
30 minutes	<b>Preparation:</b> none <b>Materials:</b> Participant Materials: End of chapter 15 review Flip Chart: End of chapter 15 review

SESSION OVERVIEW	
<b>Activity One</b>	Participants complete their 'end of chapter review' handout.
<b>Activity Two</b>	Facilitator goes over the correct answers with the participants.

#### **Introduction: Facilitator explains the activity**

Find your handout 'end of chapter 15 review'

You have 15 minutes to complete it

After 15 minutes we will review your answers

#### **Activity One: Participants fill in their end of chapter review handout**

#### **Activity Two: Facilitator reviews the answers with the participants**

Step One: post the end of chapter 14 review flip chart on the wall

Step Two: Call volunteers up the front to fill in the correct answers

Discuss the correct answers and the incorrect answers.

Make sure to participants understand why a statement is false, or why a multiple choice answer is correct.

## End of Chapter 15 Review: Bank Reconciliation

### 1. True or False

- a)  **F** *The bank book is the book the bank keeps.*
- b)  **T** The bank statement is the bank record of the transactions in your bank account.
- c)  **T** Sometimes the bank makes a mistake and the bank statement is wrong.
- d)  **T** You should record the bank fees that appear on the bank statement into your bank book.
- e)  **T** A bank reconciliation compares the transactions in the bank statement with the transactions in the bank book
- f)  **T** If a transaction amount is different in the bank book and bank statement, use the receipt to confirm the correct amount.
- g)  **F** You don't need last month's bank reconciliation form to do this month's bank reconciliation.
- h)  **T** You need last month's bank statement and bank book to make sure balances were carried forward correctly.
- i)  **T** Bank reconciliations are done monthly.
- j)  **T** The bank statement might be different from the bank book because a check did not appear in the bank statement.
- k)  **F** The bank statement might be different from the bank book because you wrote the wrong amount in the cash book when you transferred money from the bank book.

### 2. When you do a bank reconciliation, (Circle all letters that are correct)

- a. Put a tick next to the numbers that are in the bank book but not the bank statement
- b. Put a tick next to the numbers that are in the bank statement but not the bank book.
- c. Put a tick next to the numbers that are not in the bank statement and are not in the bank book.
- ~~d. Put a tick next to numbers that are in both the bank statement and the bank book.~~
- e. Do not put any ticks next to any numbers.

### 3. When a transaction in the bank statement has no tick next to it, it means (Circle all letters that are correct)

- a. It is not in the bank statement.
- ~~b. It is not in the bank book.~~
- c. It is not in the bank statement and it is not in the bank book.
- d. It is in both the bank book and the bank statement.
- e. You forgot to put a tick next to it.

**4. When you do a bank reconciliation, (Circle all letters that are correct)**

- a. *You should compare the 'total' columns.*
- b. ~~*You correct entry errors and math errors that you find in the bank book.*~~
- c. ~~*You find differences between the bank book and the bank statement.*~~
- d. *If something appears in the bank statement, but not in the bank book, you enter it in the bank reconciliation form.*
- e. ~~*If something appears in the bank book, but not in the bank statement, you enter it in the bank reconciliation form.*~~

**5. If a check does not appear in the bank statement for January and February, (Circle all letters that are correct)**

- a. You should make a reversal entry in the bank book only in January.
- b. You should make a reversal entry in the bank book only in February.
- c. You should make a reversal entry in the bank book in both January and February.
- d. You should record the check in the bank reconciliation form only in January.
- e. You should record the check in the bank reconciliation form only in February.
- f. ~~You should record the check in the bank reconciliation form in both January and February.~~

## Chapter 15 Annex 1: Extra Practice Exercise

For participants who want extra practice or who finish early, this bank book and bank statement are in their general model. There are also identical flip charts.

- Sincerity December bank book,
- Sincerity December bank statement,
- and a blank bank reconciliation form.

A corrected Sincerity December bank book and completed bank reconciliation form are below.

### December Bank Book, Sincerity

Date	Check No./Other	From/To	Description	In	Expense	Out	Balance	Re c
1- Dec			<b>Opening Balance</b>				<b>18,995</b>	
2- Dec	15	Cash	Transfer to Cash			15,000	3,995	
5- Dec	16	TDM	November Bill		787	787	3,208	
6- Dec		CNCS	Funding Tranche # 2	40,000			43,208	
6- Dec		BIM	Wire Transfer Fee		400	400	42,808	
7- Dec	18	Miguel's Hotel	Accommodation for Workshop Participants		5,340	5,340	37,468	
9- Dec	19	Hilda's Catering Service	Food for Workshop		2,500	2,500	34,968	
10- Dec		BIM	Overcounter balance request		100	100	34,868	
10- Dec	20	Palmira	Office Rent		2,000	2,000	32,868	
31 Dec		BIM	Bank charges		150	150	32,718	
			<b>Ending Balance</b>				<b>32,718</b>	
			<b>Total</b>	<b>40,000</b>	<b>11,277</b>	<b>26,277</b>		

### December Bank Statement, Sincerity

Date	Check No.	Transaction	Credit	Debit	Balance
<b>1-Dec</b>		<b>Opening Balance</b>			<b>18,995</b>
2-Dec	15	Cash		15,000	3,995
5-Dec	17	EDM		659	3,336
6-Dec		CNCS	40,000		43,336
6-Dec		Wire Transfer Fee		400	42,936
7-Dec	18	Miguel's Hotel		5,430	37,506
9-Dec		Overcounter balance request		100	37,406
10-Dec		Bank Fees		175	37,231
15-Dec	19	Hilda's Catering		2,500	34,731
<b>30-Dec</b>		<b>Closing Balance</b>			<b>34,731</b>

### Corrected December Bank Book, Sincerity

Date	Check No./Other	From/To	Description	In	Expense	Out	Balance	Recon
1-Dec			<b>Opening Balance</b>				<b>18,995</b>	
2- Dec	15	Cash	Transfer to Cash			15,000	3,995	√
5- Dec	16	TDM	November Bill		787	787	3,208	
6- Dec		CNCS	Funding Tranche #2	40,000			43,208	√
6- Dec		BIM	Wire Transfer Fee		400	400	42,808	√
7- Dec	18	Miguel's Hotel	Accommodation for Workshop Participants		5,340	5,340	37,468	√
9- Dec	19	Hilda's Catering Service	Food for Workshop		2,500	2,500	34,968	√
10- Dec		BIM	Overcounter balance request		100	100	34,868	√
10- Dec	20	Palmira	Office Rent		2,000	2,000	32,868	
30 Dec		BIM	Bank charges		150	150	32,718	√
5- Dec	17	EDM	November Bill		659	659	32,059	√
30 Dec	18	7 Dec, Miguel's Hotel	Reversal	5,340	-5,340		37,399	√
	18	7 Dec, Miguel's Hotel	Re-enter, Accommodation		5,430	5,430	31,969	
30 Dec		30 Dec, BIM	Reversal	150	-150		32,119	
30 Dec		30 Dec, BIM	Re-enter, Bank charges		175	175	31,944	√
30 Dec			<b>Closing Balance</b>				<b>31,944</b>	
			<b>Total</b>	<b>45,490</b>	<b>12,051</b>	<b>32,541</b>		

### December Bank Reconciliation Form - Sincerity

Bank Reconciliation Month: December; Year:		
<b>Step 1</b>	Bank Statement Balance at end of month (row 1)	34,731
<b>Step 2:</b> Checks not shown on bank statement		
No.	Description	Amount
20	Palmira	2000
16	TDM	787
Total (row 2)		2,787
<b>Step 3:</b> Deposits not shown on bank statement		
No.	Description	amount
Total (row 3)		0
Step 4	Row 1 minus row 2, then add row 3	31,944
Step 5	Bank Book Balance	31,944
<b>Step 6</b>	Subtract step 5 from step 4	0
Signature	date	

## Chapter 5: Trial Balance

4:45

Session 5.1: Introducing a trial balance	30 min
Session 5.2: May trial balance	90 min
Session 5.3: Why is a trial balance important?	45 min
Session 5.4: June trial balance; Finding and correcting mistakes	90 min
Session 5.5: End of Chapter 5 Review	
Annex 1: Extra trial balance exercise 1	
Annex 2: Extra trial balance exercise 2	
Acknowledgements	6
Session 1.1	11
Introduction	11
Step Two: Discuss the impact on the training when norms are not followed.	13
Note: occasionally there is a group that wants to be able to answer their cell phones during the training. This is very disruptive and should be discouraged by the trainer. As the trainer, you can dictate that cell phones must be on silent and answered only on breaks.	13
Session 1.2	14
Expectations	14
Session 1.3	17
Three ways to give feedback	17
Session 1.4	20
Participants review the contents of their 'kits'	20
Session 1.5: Guardian Angels	22
Preparation:	22
Explanation	22
Session 1.6	23
End of Chapter 1 Review	23
Session 2.1	26
Review of Principles of Financial Management	26
Session 2.2	29
Review of Elements	29
Session 2.3	35
Review of Segregation of Duties	35
Session 2.4	37
Cash Advance Review	37
Session 2.5	40
Reviewing the ledgers (cash, bank, income and expense)	40
Session 2.6	45
Review of Correcting Mistakes	45
Session 3.7	47
End of Chapter 2 Review	47
1. What are three principles of Financial Management?	48
2. What are the four books used in this training?	48
Cash _____ Book	48
Bank _____ Book	48
Income _____ Ledger	48
Expense _____ Ledger	48
3. When do you need to reverse a transaction in a ledger?	48

	48	
4.	How do you reverse a transaction in a ledger?.....	48
	48	
5.	In a cash advance, (circle all letters that are correct) .....	48
6.	Cash should be monitored each (circle all letters that are correct).....	49
a.	<del>Day</del> .....	49
b.	Week .....	49
c.	Month .....	49
d.	Year .....	49
7.	A cash reconciliation compares (circle all letters that are correct).....	49
8.	A cash reconciliation should be done (circle all letters that are correct).....	49
9.	Segregation of duties: (circle all letters that are correct).....	49
Session 3.1 .....		53
Ticking Session: Or why we need to tick when we.....		53
Activity 1: Compare List A with List B , no ticking or writing anything down .....		54
Activity 2: Compare List A with List B , only make tick marks next to numbers in List A. ....		56
Activity 4: Discussion. ....	59	
Session 3.2.....		60
Cash Monitoring Register.....		60
Activity 1: Monitoring Cash Daily ....	60	
Session 3.3 .....		65
April Cash Reconciliation: Comparing physical cash and cash book .....		65
Activity 1: Discovering a problem ....	66	
Activity 2: Possible reasons that the cash and cash book might be different.....		67
Activity 3: Looking for math mistakes .....		68
Activity 4: Correcting a math error ....	68	
Session 3.4:.....		71
Comparing Receipts with Entries in the Cash Book and Cash Advance Reports.....		71
Activity 1: Preparing for the Reconciliation .....		72
Activity 2: Reconciling the cash book with the receipts.....		73
Activity 3: Correcting a Mistake ....	75	
Session 2.5 .....		78
'Show your ledger' game .....		78
Session 2.6.....		80
End of Chapter 3 Review .....		80
Session 4.1 .....		86
What is a Bank Reconciliation? .....		86
Session 4.2.....		88
How to do a Bank Reconciliation.....		88
Activity 7: Review .....	96	
Session 4.3.....		98
When Bank Statements and Bank Books Do Not Agree .....		98
Six Reasons Why the Bank Statement and Bank Book May Not Agree .....		99
Session 4.4.....		105
April Bank Reconciliation.....		105
Session 4.5 .....		112
End of Chapter 4 Review .....		112

1.	True or False.....	113
a)	<u>  F  </u> <i>The bank book is the book the bank keeps.</i> .....	113
2.	When you do a bank reconciliation, (Circle all letters that are correct).....	113
3.	When a transaction in the bank statement has no tick next to it, it means (Circle all letters that are correct) .....	113
4.	When you do a bank reconciliation, (Circle all letters that are correct).....	114
a.	<i>You should compare the ‘total’ columns.</i> .....	114
<del>b-</del>	<del><i>You correct entry errors and math errors that you find in the bank book.</i></del>	<del>114</del>
<del>c-</del>	<del><i>You find differences between the bank book and the bank statement.</i></del>	<del>114</del>
d.	<i>If something appears in the bank statement, but not in the bank book, you enter it in the bank reconciliation form.</i> .....	114
<del>e-</del>	<del><i>If something appears in the bank book, but not in the bank statement, you enter it in the bank reconciliation form.</i></del>	<del>114</del>
5.	<i>If a check does not appear in the bank statement for January and February, (Circle all letters that are correct) .....</i>	114
Chapter 15 Annex 1: Extra Practice Exercise .....		115
Session 5.1 .....		121
Introducing a Trial Balance .....		121
Session 5.2.....		128
May Trial Balance .....		128
Session 5.3.....		137
Why is a Trial Balance Important?.....		137
Session 5.4.....		150
June Trial Balance: Finding and Correcting Errors.....		150
Session 5.5.....		155
End of Chapter 5 Review .....		155
Annex 1: Extra Trial Balance Exercise 1 .....		157
Accounts Packet for Extra Trial Balance Exercise 1 .....		157
Annex 2: Extra Trial Balance Exercise 2 .....		166
Accounts Packet for Extra Trial Balance Exercise 2      5. Annex 1.....		166
Session 6.1 .....		179
Why Provide Financial Reports?.....		179
Session 6.2.....		183
May Financial Report Example.....		183
Session 6.3.....		192
June Financial Report.....		192
Session 6.4.....		202
End of Chapter 6 Review .....		202
Session 7.1.....		207
Following the rules in a donor contract.....		207
1)	Understand everything in a donor agreement before you sign it.....	207
Session 7.2.....		214
Managing Finances with Multiple Donors .....		214
Session 7.3.....		218
July: Two Donor Simulation .....		218
CNCS Books and Ledgers                      227		
Session 7.4.....		242
End of Chapter 7 Review .....		242
1.	What kinds of things will you find in a donor contract? Circle all that are correct .....	243
<del>a-</del>	<del>Length of time of the agreement .....</del>	<del>243</del>
Session 8.1 .....		248

Situations that Challenge Financial Integrity .....	248
Session 8.2	250
Questions in a hat	250
Session 8.3	253
Quick Questions	253
Session 8.4.....	255
Final Questions.....	255
Session 8.5.....	257
Developing a Training Plan.....	257
Evaluation of Training.....	258

## Session 5.1

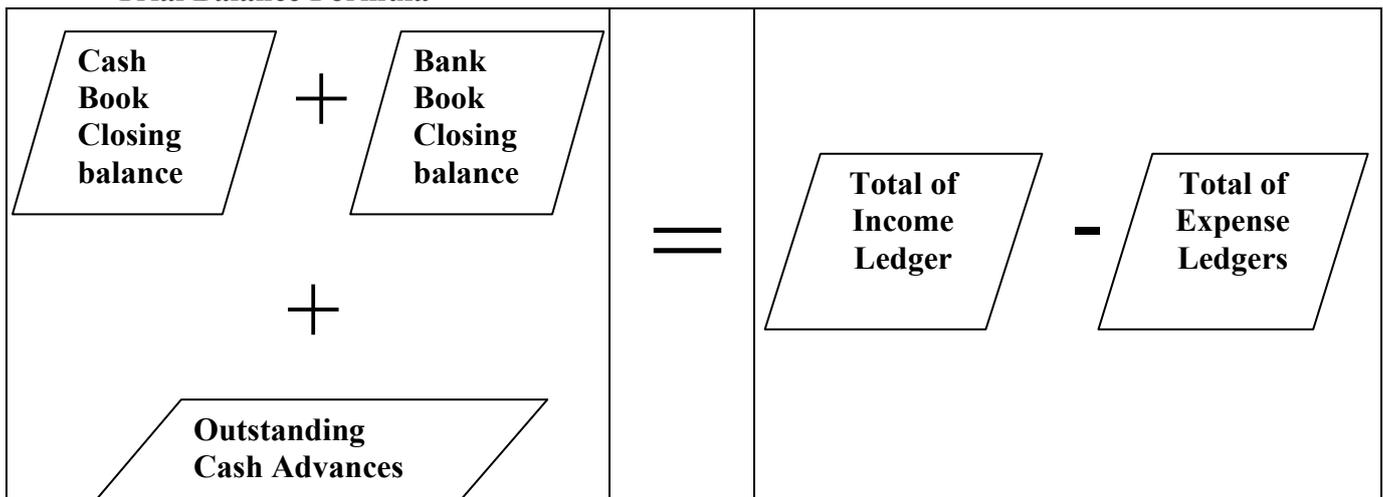
### Introducing a Trial Balance

LEARNING OBJECTIVES	
<b>By the end of this session, participants will understand:</b>	
→	the concept of double entry accounting.
→	what a trial balance is; and.
→	how a trial balance can help to reduce errors.

Learning Time	Facilitator's Materials
30 minutes	<b>Preparation</b> <u>Flip Chart</u> <ul style="list-style-type: none"> <li>• Trial Balance Formula</li> </ul>

SESSION OVERVIEW	
Facilitators present the key concepts of a trial balance and then demonstrate how to make a trial balance. Key concepts include:	
•	double entry accounting.
•	why double entry accounting is practiced.
•	the trial balance formula.
•	the purpose of a trial balance.

#### Trial Balance Formula



- 2 Blank Bank Books, zero opening balance.
- 2 Blank Cash Books, zero opening balance.

- 2 Blank cash advance report
- 2 Blank Income Ledgers for CNCS Funding, zero opening balance.
- 2 Blank Expense Ledgers for Office Supplies, zero opening balance.
- 2 Blank Expense Ledger for Transportation, zero opening balance.
- 2 Blank Trial Balance
- Transaction List for Activity #2
- Trial Balance Key Concepts

### Participant Materials

- Trial Balance Key Concepts

The demonstration will show participants how every transaction or transfer is recorded twice. Participants see:

- 1) Where the two entries are made and that they should equal each other; and
- 2) The amount of money that an organization has on-hand (i.e., in its bank accounts, in the cash safe, and in outstanding cash advances) equals the income minus the expenses.

### **Main Ideas**

#### **Double Entry Accounting Key Concepts**

- 1) Every transaction is recorded twice.
- 2) Double entry accounting is when every transaction is recorded once in a cash, bank, or cash advance, and once in an income or expense ledger.
- 3) Double entry accounting allows organizations to know:
  - a) How much money they have on hand; and
  - b) How much money they have used in their budget and how much money is remaining in their budget.

#### **Trial Balance Key Concepts**

- 1) A trial balance compares the amount of money that an organization has on hand (cash, bank, or outstanding cash advance) with the total recorded in the income ledgers minus the total amount recorded in the expense ledgers.
- 2) The money on hand should equal the total income minus the total expenses. If they do not, then something has not been entered correctly.
- 3) A trial balance, therefore, helps to reduce the chances of mistakes that may be made when we enter transactions into our accounts.
- 4) Reconciled cash advances are not added to the cash, bank, and outstanding cash advance side because what has been spent is already gone, recorded in the expense ledger, and the change

has already been put in the cash. In other words, the money spent is no longer the CBO's money.

- 5) Outstanding cash advances are part of the cash on hand total because it is money that still belongs the organization.
- 6) In the income and the expense ledgers, we use the cumulative totals when making a trial balance.
- 7) A trial balance is done at the end of each month **after** the cash reconciliation and the bank reconciliation.
- 8) Do not close out ledgers until after completing the trial balance. This way, there is still room for corrections.

### Activity 1: Introducing a Trial Balance

#### Step 1: Define the terms: transaction and transfer.

- A transaction is when money comes into or goes out from organization's bank or cash.
- A transfer is when the organization's own money is moved within the organization. (No money is received or spent.)

#### Step 2: Quiz: Transaction or Transfer?

Ask participants to tell you if the following is transfer or a transaction.

Mt. 100 of Paper is purchased. **Transaction.**

Mt. 5,000 is moved from cash to the bank. **Transfer.**

Mt. 4,500 is moved from cash to a cash advance. **Transfer.**

CNSC transfers Mt. 50,000 to Courage's bank account. **Transaction.**

Julio returns Mt. 500 in change from his cash advance. **Transfer.**

#### Step 3: Discussion on Double Entry Accounting

Put up "Double Entry Accounting Key Concepts" and discuss.

**Step 4: Put up the "Trial Balance Formula" flip chart.** Beneath it arrange the other flip charts as shown in the table below

**"Trial Balance Formula" flip chart goes here.**

Cash Book	Bank Book	Cash Advance	Income Ledger: CNSC	Expense Ledger: Office Supply
				Expense Ledger: Transportation

#### Step 5: Quiz: Where does this transaction get registered?

Use the "Trial Balance Formula" and point to the ledgers as you ask the following questions:

**When you receive donor money into your bank account, you register it in which two ledgers?** *Bank book and income ledger.*

**When you write a check to purchase office supplies, you record it in which two ledgers (not including the check register)?** *Bank book and office supplies expense ledger.*

**When you spend cash on transportation you record it in which two ledgers?** *Cash book and transportation expense ledger*

**When you spend cash on office supplies with a cash advance, you record this in which two ledgers (not including the cash advance report, which is not a ledger)?** *Cash book and office supplies expense ledger.*

### **Step 6: Summarize the main ideas**

Every transaction is entered in two different ledgers.

Entering transactions in the accounts twice is called double accounting.

In double accounting we can see two sides to the accounts.

One side is the cash book, bank book and outstanding cash advances, and the other side is the income ledger and the expense ledger.

Why do we do this? *One side tells us how much money we have. The other side helps us keep track of our budget: how much we have received and how we are spending our budget.*

### **Activity 2: Participants fill in the ledger flip charts**

#### **Step 1: Put up 6.1, Activity 2 transaction list.**

#### **16.1, Activity 2: Transaction List**

- October 6<sup>th</sup>, CNCS transfers Mt. 50,000 to the CBO Courage Bank Account
- October 6<sup>th</sup>, Courage transfers Mt. 10,000 from the bank book to the cash book.
- October 7<sup>th</sup>, Courage writes a Mt. 5,000 check for office supplies.
- October 9<sup>th</sup>, Courage transfers Mt. 5,000 from the cash book to a cash advance for Julio.

#### **Step 2: Participants record transactions on ledger flip charts**

Read the four transactions one by one, asking participants to fill in the ledgers.

After each entry use the Trial Balance Formula flip chart to show participants that the two sides are equal.

Note that the transfer from bank to cash does not get entered into the income or expense ledger because money is not coming in or leaving the CBO. It is only moving from one place to another place within the CBO. But it is entered twice. It is entered as “Out” of the bank and “In” to the cash. So the “Out” and “In” cancel each other.

Emphasize that Julio’s cash advance is outstanding right now. Again, money is not leaving or entering the CBO, it is only moving from one place to another. In this case from the cash to a person who is holding the money on behalf of the CBO. Money held in a cash advance is not spent until the person buys something and presents receipts and change. .

**Step 3: Introduce the trial balance flip chart.**

Show participants how each box in the trial balance relates to the trial balance formula flip chart.

**Step 4: A participant fills in the trial balance flip chart**

Ask a participant to fill in the trial balance using the information from the ledgers.

**Courage October Correct Trial Balance**

Ending Cash Book Balance	5,000	Income	50,000
Ending Bank Book Balance	35,000	Expenses	5,000
Outstanding Cash Advances	5,000		
Total	45,000	Income – expenses	45,000

Emphasize that both sides are equal.

**Step 5: Demonstrating when the trial balance does not equal**

Tell participants: Now imagine, that whoever entered the amount in the office supply ledger made a mistake. Instead of writing Mt. 5,000, they wrote Mt. 4,000.

Erase the Mt. 5,000 and enter Mt. 4,000 in the Office Supply ledger.

Ask a participant to change the trial balance to reflect the change in the ledger.

Emphasize that both sides are unequal. This is what happens when a mistake is made. The trial balance doesn’t balance. It is a tool to show us if we have made a mistake.

**Step 6: Correct the expense ledger and trial balance**

Erase the Mt. 4,000 mistake in the Office Supply ledger and enter the correct figure, Mt. 5,000. Fix the trial balance .

**When do you think you should do a trial balance?**

*At the end of each month, a trial balance is done after doing a cash reconciliation and a bank reconciliation.*

### Activity 3: Practicing a Trial Balance

#### Step 1: Arranging the flip charts:

Leave books & ledgers from activity 1 on the wall. Put up:

- blank bank book
- blank cash book
- two blank cash advance reports
- blank income ledger for CNCS
- blank expense ledger for office supplies
- blank expense ledger for transportation
- blank trial balance

#### Step 2: A volunteer fills in the opening balances for November

Ask a volunteer to fill in new opening balances for the month of November. Use the closing balances from the previous month in activity 2, above.

#### Step 3: Participants enter transactions in flip chart ledgers

Read each transaction listed below.

For each one ask a different participant to come to the front and enter it in the correct flip charts.

##### Transactions

- 1) November 8<sup>th</sup>, CNCS transfers Mt. 10,000 to Courage.
- 2) November 10<sup>th</sup> Courage transfers Mt. 7,000 from bank to cash .
- 3) November 14<sup>th</sup> Courage writes a Mt. 5,500 check to Papelaria Rex for office supplies check 011.
- 4) November 24<sup>th</sup>, Santos is given a cash advance of Mt. 1,000 from cash
- 5) November 24<sup>th</sup> Julio returns his cash advance (use one of the blank cash advance reports)
  - a) Office supplies totaling Mt. 1,500
  - b) Transportation totaling Mt. 1,000
  - c) Mt. 2,500 in change

#### Step 4: Participants fill in the trial balance

Go to the Blank Trial Balance flip chart. Select participants to fill in the trial balance using the information from the ledgers on the wall

#### November Courage Correct Trial Balance

Ending Cash Book Balance	13,500	Income	60,000
Ending Bank Book Balance	32,500	Expenses	13,000

Outstanding Cash Advances	1,000		
Total	47,000	Income – expenses	47,000

The total amount of money that Courage has in its cash book, bank book and cash advance report is the same as its income minus its expenses. Does this make sense?

**Step 5: Review “Trial Balance Key Concepts.”**

## Session 5.2

### May Trial Balance

LEARNING OBJECTIVES	
<b>By the end of this session, participants will:</b>	
→	Know how to make a trial balance with a limited number of transactions.
→	Identify if their trial balance shows that they have entered the accounts correctly or incorrectly.

Learning Time	Facilitator's Materials
90 minutes	<u>Flip Charts</u> <ul style="list-style-type: none"> <li>• Trial Balance Formula from Session 16.1</li> <li>• Blank Bank Book</li> <li>• Blank Cash Book</li> <li>• 2 blank cash advance reports</li> <li>• 1 blank Income Ledger</li> <li>• 9 Blank Expense Ledgers</li> <li>• 11 Blank Trial balance</li> </ul>

SESSION OVERVIEW	
Participants work in pairs	
<b>Activity 1</b>	Participants reconcile April outstanding Cash Advance and recording change and receipt.
<b>Activity 2</b>	Participants record the bank receipts in their bank book and income/expense ledgers.
<b>Activity 3</b>	Participants record their cash receipt in their cash book and expense ledger.
<b>Activity 4</b>	Participants record Cash advance #5 in their cash book.
<b>Activity 5</b>	Participants fill in their trial balance and post them on the wall.
<b>Activity 6</b>	Participants correct their mistakes.

#### Main Ideas

- 1) A trial balance compares the amount of money that an organization has on hand (cash, bank, or outstanding cash advance) with the total recorded in the income ledgers minus the total amount recorded in the expense ledgers.
- 2) It is common for a CBO to have more than one income ledger
- 3) The money on hand (in the bank and in the safe and any outstanding cash advances) should equal the total income minus the total expenses. If they do not, then something as not been entered correctly.
- 4) A trial balance can help us to discover that mistakes were made.

## **Introduction:**

Now we are going to record all the receipts for Feliz for May. Then we can do a trial balance and see if we recorded the transactions correctly.

## **Where do we find the receipts? Which three binders?**

*Cash receipts, bank receipts and Cash Advance Receipts.*

## **When do we record our receipts?**

On both sides of the accounts, the bank or cash books and the income or expense ledgers  
Let's start with the cash advance receipts

## **Activity One: Participants Reconcile the April outstanding Cash Advance and record the change and receipts**

**Step One:** Participants find their outstanding April Cash Advance #4.

**Step two:** Participants open their Cash Advance binder and take out the receipt for Cash Advance #4, which is for Supreme Furniture 4,792 on May 1<sup>st</sup>

Now, you have a receipt for cash advance # 4, May 1, Supreme Furniture, 4,792 meticaais  
Now, imagine I am also giving you the change of 208 meticaais.

## **What do you do now?**

*Fill in step two and three of the cash advance form AND*

*record the change in the May cash book AND*

*record the receipt in the May office equipment expense ledger*

**Step Three:** Participants fill in step two of the cash advance form, using the information from their Supreme Furniture Receipt

**Step Four:** Participants fill in step three of the cash advance form.

**Step Five:** Participants register the change in the May cash book.

**Step Six:** Participant record the Supreme Furniture receipt in the May office equipment expense ledger

**Step Seven:** Participants staple the receipt to the cash advance, and file Cash Advance #4 as 'reconciled'

Notice that Cash Advance #4 from April, is reconciled in May. Because the Supreme Furniture receipt was brought back in May

## **Activity 2: Participants record the May bank receipts in their May bank book and their May income and expense ledgers**

Start with the oldest and work your way up to the most recent

- CNCS deposit of 70,000 meticaais on May 2
- Receipt for check # 21 for ANEMO, Workshop Facilitator, 9,500 meticaais May 14
- Receipt for check # 22 Transfer to cash, 30,000 meticaais, on May 16th

Don't forget the transfer to cash on May 16<sup>th</sup> has to be recorded in the cash book too!

- Receipt for check #23 Palmira, office rent, 650 meticaais, May 28<sup>th</sup>

### **Activity 3: Participants record their May cash receipt in their May cash book and the May expense ledger**

If you did not do it already, record transfer to cash on May 16<sup>th</sup> in the cash book

- Receipt for Activist incentives, May 17, 14,500

### **Activity 4: Participants Record the Cash Advance #5 in their cash book**

**Step One:** Participants locate Cash advance #5

Is it reconciled?

*No.*

Only step one is filled out. Where do we record step one in our books?

*In the May cash book*

**Step Two:** Participants record step one of Cash Advance #5 in their May cash book, 3,500 meticaais

### **Activity 5: Participants fill in their trial balance**

**Step 1:** Facilitator gives each pair of participants a trial balance flip chart

**Step 2:** Facilitator tells participants to fill in their trial balance in their binder AND on the flip chart

**Step 3:** Participants calculate the trial balance

**Step 4:** Participants post their trial balance flip charts on the wall

Group those that are correct in one area. If they are all correct then leave them where they are.

Ask participants if their trial balances indicate that their accounts are correct? If they are all correct, then the exercise is finished. Go to the next session. If there are mistakes, continue to the next activity #6.

### **Activity 6: Correcting Mistakes**

People who filled in their accounts correctly and have a correct trial balance should help others.

**Step 1: Participants who have mistakes check their Trial Balance.**

- a) Make sure that the totals were transferred correctly into the trial balance
- b) Check the math

If they still have mistakes, what does this mean? *Mistakes were made when they entered the receipts.*

**Step 2: Post the blank May flip charts on the wall** (cash, bank, 1 income, 9 expense 2 cash advance and trial balance)

**Step 3:** Call 9 participants up to the front of the room to fill in the 15 different ledger flip charts, simultaneously. Make sure their work is correct in their own workbooks before they come to the flip charts.

1 income ledger - one participant  
 cash book – one participant  
 bank book – one participant  
 2 cash advances – one participant  
 expense ledgers – three participants

**Step 4: Participants make corrections to their books and ledgers and recalculate their trial balances.**

As people are making corrections, check to see that they are entering the corrections properly (i.e., they should not erasing entries. They should make new entries at the bottom of the books or ledgers).

**Completed Work.**

- Participants will have a correct set of entries for all the May books, and will have a correct trial balance.

Keep the completed flip charts of all the May accounts for use in Chapter 16, Financial Reporting.

**Feliz May: Cash Advance Reports**

**Feliz May: Cash Advance Report: 4**

**STEP 1: CASH ADVANCE VOUCHER**

<b>CASH ADVANCE VOUCHER</b>		
<b>Date:</b> : <u>28-Apr</u>	<b>Nº:</b> <u>4</u>	
<b>Names:</b> <u>Miguel Santos</u>		<b>Amount :</b> <u>Mt 5,000,00</u>
<b>Description:</b> <u>Table purchase</u>		
<b>Check Number:</b> <u>Not Applicable</u>		
<b>Account Number:</b> _____	<b>Budget Line :</b> <u>Office Equip</u>	
<b>Advanced Amount in word:</b> <u>Five thousand meticais.</u>		
<b>Prepared by:</b> <u>Miguel Santos</u>	<b>Approved by:</b> <u>Elena Macuacua</u>	<b>Received by:</b> <u>Miguel Santos</u>

**Step 2: Reconciliation**

<b>RECONCILIATION VOUCHER</b>		
Date : <u>1-May --</u>		N° : <u>4</u>
Names : <u>Miguel Santos</u>		
Description : <u>Table purchase.</u> <u>Office Equip.</u>		<b>Budget Line :</b>
<p>(1) Advanced Amount: <u>5,000</u></p> <p>(2) Total Expensed Amount: <u>4,792</u></p> <p>(3) Amount due CBO/Employee: <u>208</u></p>	<p>Step 1</p> <p>Step 2</p> <p><b>Step 3 = Line (1) – Line (2)</b></p> <p><b>Note:</b> The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.</p>	
Submitted by <u>Miguel Santos</u>	Reviewed by _____	Approved by <u>Elena Macuacua</u>
<b>NB. Attach invoices/External justification document.</b>		

**Step 3: Record Receipts**

Bill	Date	Payee/Vendor	Budget Line	Account Number	Amount	Description
	1-May	Supreme Furniture	Table		4,792	Office Equipment
<b>Total Receipts</b>					<b>4,792</b>	

**Feliz May: Cash Advance Report: 5**

**STEP 1: CASH ADVANCE VOUCHER**

<b>CASH ADVANCE VOUCHER</b>	
Date : <u>18-May</u>	N°: <u>5</u>
Names: <u>Miguel Santos</u>	
	<b>Amount : <u>Mt 3,500,00</u></b>
Description: _____	
Check Number: <u>Not Applicable</u>	

<b>Account Number:</b> _____	<b>Budget Line :</b> _____	
<b>Advanced Amount in word:</b> <u>Three thousand five hundred meticais.</u> _____		
<b>Prepared by:</b> <u>Miguel Santos</u>	<b>Approved by:</b> <u>Elena Macuacua</u>	<b>Received by:</b> <u>Miguel Santos</u>

### Step 2: Reconciliation

<b>RECONCILIATION VOUCHER</b>		N° : _____
Date : _____		
Names : _____		
Description : _____	<b>Budget Line :</b> _____	
<b>(1) Advanced Amount:</b> _____ <b>(2) Total Expensed Amount:</b> _____ <b>(3) Amount due CBO/Employee:</b> _____	Step 1 Step 2 <b>Step 3 = Line (1) – Line (2)</b> <b>Note:</b> The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.	
Submitted by _____	Reviewed by _____	Approved by _____
<b>NB. Attach invoices/External justification document.</b>		

### Step 3: Record Receipts

Bill	Date	Payee/Vendor	Budget Line	Account Number	Amount	Description
<b>Total Receipts</b>						

### Feliz May: Cash Book – Correct Entries

Ref	Date	Payee/Vendor	Description	In	Expense	Out	Balance	Recon
			Opening balance				369	
26	1-May	Miguel Santos	Change from Cash Advance #4	208			577	
27	16-May	Bank	Transfer to cash	30,000			30,577	
28	17-May	22 Activists	Incentives		14,500	14,500	16,077	

29	18-May	Miguel Santos	Cash Advance #5			3,500	12,577	
			<b>Closing balance</b>				<b>12,577</b>	
			<b>Total</b>	<b>30,208</b>	<b>14,500</b>	<b>18,000</b>		

**Feliz May: Bank Book – Correct Entries**

Date	Check No./Other	Payee/Vendor	Description	In	Expense	Out	Balance	Recon
1-May			<b>Opening Balance</b>				<b>17,515</b>	
2-May		CNCS	Funding	70,000			87,515	
14-May	21	ANEMO	Workshop Facilitator		9,500	9,500	78,015	
16-May	22	Cash	Transfer to cash			30,000	48,015	
28-May	23	Palmira	June Rent		650	650	47,365	
<b>30-May</b>			<b>Closing Balance</b>				<b>47,365</b>	
			<b>Total</b>	<b>70,000</b>	<b>10,150</b>	<b>40,150</b>		

**Feliz May: Income Ledgers – Correct Entries**

**Feliz Income Ledger**

<b>Budget Name</b>	CNCS	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	1	<b>Budget Amount</b>	458,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		<b>115,000</b>	343,000	
	2-May	Funding Tranche # 5	70,000	185,000	273,000	
		<b>Totals</b>	<b>70,000</b>	<b>185,000</b>		

**Feliz May: Expense Ledgers – Correct Entries**

**Feliz Expense Ledger**

<b>Budget Name</b>	Communication	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	7	<b>Budget Amount</b>	6,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		<b>4,094</b>	1,906	
		<b>Totals</b>	<b>0</b>	<b>4,094</b>		

**Feliz Expense Ledger**

<b>Budget Name</b>	Rent	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	2	<b>Budget Amount</b>	25,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		<b>8,000</b>	17,000	
	28-May	Palmira June Rent	650	8,650	16,350	

		<b>Totals</b>	<b>650</b>	<b>8,650</b>	
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**Feliz Expense Ledger**

<b>Budget Name</b>	Transportation	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	6	<b>Budget Amount</b>	60,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		<b>3,696</b>	56,304	
		<b>Totals</b>	<b>0</b>	<b>3,696</b>		

**Feliz Expense Ledger**

<b>Budget Name</b>	Incentives	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	8	<b>Budget Amount</b>	150,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		<b>51,350</b>	98,650	
	17-May	22 Activists	14,500	65,850	84,150	
		<b>Totals</b>	<b>14,500</b>	<b>65,850</b>		

**Feliz Expense Ledger**

<b>Budget Name</b>	Bank Fees	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	1	<b>Budget Amount</b>	4,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		<b>2,596</b>	1,404	
		<b>Totals</b>	<b>0</b>	<b>2,596</b>		

**Feliz Expense Ledger**

<b>Budget Name</b>	Utilities	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	3	<b>Budget Amount</b>	8,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		<b>2,855</b>	5,145	
		<b>Totals</b>	<b>0</b>	<b>2,855</b>		

**Feliz Expense Ledger**

<b>Budget Name</b>	Office Equipment	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	4	<b>Budget Amount</b>	51,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		2,150	48,850	
	1-May	Supreme Furniture: Table	4,792	6,942	44,058	
		<b>Totals</b>	<b>4,792</b>	<b>6,942</b>		

### Feliz Expense Ledger

<b>Budget Name</b>	Office Supplies	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	9	<b>Budget Amount</b>	12,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		1,200	10,800	
		<b>Totals</b>	<b>0</b>	<b>1,200</b>		

### Feliz Expense Ledger

<b>Budget Name</b>	Workshops	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	5	<b>Budget Amount</b>	142,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		16,175	125,825	
	14-May	ANEMO Workshop facilitator	9,500	25,675	116,325	
		<b>Totals</b>	<b>9,500</b>	<b>25,675</b>		

### Feliz May: Trial Balance

Ending Cash Book Balance	12,577	Income	185,000
Ending Bank Book Balance	47,365	Expenses	121,558
Outstanding Cash Advances	3,500		
Total	63,442	Income – expenses =	63,442

## Session 5.3

### Why is a Trial Balance Important?

<b>LEARNING OBJECTIVES</b>	
<b>At the end of this session, participants will:</b>	
→	understand how a trial balance can be used to discover that mistakes have occurred in the accounts.

Learning Time	Facilitator's Materials
45 minutes	<p><u>Preparation:</u> fill in a blank trial balance with the information for Grace's unbalanced trial balance provided in this session</p> <p><u>Flip Chart</u></p> <ul style="list-style-type: none"> <li>• 5 November Ledgers for Grace:               <ul style="list-style-type: none"> <li>◆ bank book, cash book, workshop expense ledger, office equipment expense ledger, income ledger.</li> </ul> </li> <li>• Grace's December Trial Balance with errors (filled in by the facilitator)</li> <li>• 7 December Ledgers for Grace:               <ul style="list-style-type: none"> <li>◆ bank book, cash book, workshop expense ledger, office equipment expense ledger, income ledger, cash advances #65, #66</li> </ul> </li> <li>• Blank flip chart paper</li> <li>• Trial Balance Reconciliation Method</li> <li>• Grace's Check #3 To Anemo for 9,521 on December 1</li> </ul> <p><u>Participant Materials:</u> Trial Balance Reconciliation Method.</p>

SESSION OVERVIEW	
<b>Activity 1</b>	Question and Answer: Why is a Trial Balance Important?
<b>Activity 2</b>	Review the "Trial Balance Reconciliation Method"
<b>Activity 3</b>	Participants check if the numbers in Graces Trial Balance match the numbers in its books.
<b>Activity 4</b>	Participants check if all of the closing balances from the previous month were correctly entered in the opening balances of the current month.
<b>Activity 5</b>	Participants check if the Grace December Cash Book is Correct.
<b>Activity 6</b>	Participants check if the Grace December Bank Book is Correct.
<b>Activity 7</b>	Participants check if the Grace December Outstanding Cash Advance Totals are Correct.
<b>Activity 8</b>	Participants check if the Grace December income and expense ledger totals are correct.
<b>Activity 9</b>	Participants recalculate the trial balance.

## Main Ideas

### Why is a Trial Balance Important?

- 1) A trial balance compares the total cash on hand with the total income minus the total expenses.
  - 2) If cash on hand does not equal the total income minus the total expenses, there is a mistake somewhere.
  - 3) A trial balance therefore helps to reduce the chances of making mistakes in our accounts.
  - 4) But, mistakes are still possible.
    - a) If you write the wrong amount in both the cash book and the expense ledger, you won't find this mistake by doing a trial balance. This mistake will only be found by doing a cash reconciliation.
    - b) If you put the correct amount in the wrong expense category, the trial balance will not find this because it is listed as an expense, just in the wrong category.
- ! So, it is important to follow the steps in the Trial Balance Reconciliation Method, even if the Trial Balance is equal on both sides of the accounts.

### Activity 1: Question and Answer: Why is a Trial Balance Important?

**Step 1:** Put up the following 11 flip charts “Trial Balance Reconciliation Method”, the Grace November cash book, bank book, income ledger, expense ledger, **and** the Grace December cash book, bank book, income ledger, expense ledger, and outstanding cash advance **and** “December trial balance that does not balance”

**Note:** do not put up flip chart of Grace’s check #3 until later in the session.

**Step 2:** Ask the questions below. Write the questions and correct responses on flip chart paper.

**What is a trial balance?** *A trial balance compares the cash on hand with the total amount in the income ledgers less total in the expense ledgers*

**If the accounts are done correctly then what should the trial balance look like?** *The two sides will be equal.*

**What is the Trial Balance Formula?** *Cash book closing balance + Bank book closing balance + outstanding cash advances = total in income ledgers – total in expense ledgers.*

**Why do you think that doing a trial balance is important?** *It helps to reduce errors.*

**What does the Grace December Trial Balance tell us?** *There is a mistake somewhere in our accounts.*

**Step 3: Emphasize the importance of being methodical**

We are now going to learn two things:

- 1) how to find and correct the errors; and
- 2) how to use the trial balance to see if we have found the errors.

When we look for errors it is important that we are methodical.

There is a Sesotho proverb that says: Short-cuts are the long road. People who try to take short-cuts often miss steps and have to repeat the same things over and over again. We are going to present a methodical way.

**Activity 2: Review the “Trial Balance Reconciliation Method”**

(Reprinted later in this lesson)

**Step 1:** Participants locate the handout “Trial Balance Reconciliation Method”

**Step 2:** Participants read aloud the handout (which is also the flip chart) and discuss

We are now going to follow the directions in the Trial Balance Reconciliation Method so that we can find our mistakes and have a trial balance that is balanced.

**Activity 3: Participants check if the numbers in Grace’s Trial Balance match the numbers in its books**

**Step 1:** Participants confirm that the figures in the Grace December trial balance match those in the Grace December books and ledgers.

**Step 2:** Participants confirm that the math in the trial balance was done correctly.

**Activity 4: Participants check if all of the closing balances from the previous month were correctly entered in the opening balances of the current month**

**Step 1:** Participants confirm that the closing balances from Grace November accounts were correctly entered as the opening balances of the Grace December accounts.

**Activity 5: Participants check if the Grace December Cash Book is Correct**

**Step 1:** Participants confirm that each entry in the Grace December cash book has a corresponding entry in the Grace December ledgers and that both show the same amount. In the demonstration, all entries have been written correctly.

If there was a difference what would you have done? *Find the receipt, see which is correct, and make the correction.*

**Step 2:** Participants recalculate the Grace December cash book balances. They should find that ref #5 is wrong by Mt. 500.

**Step 3:** Participants correct the error in the cash book.

**Step 4:** Participants enter the new cash book total in the trial balance and recalculate the trial balance total.

Do the trial balance total and the income minus the expense total match? *They don't.*

**What do you think we should do now?**

### **Activity 6: Participants check if the Grace December Bank Book is Correct**

**Step 1:** Participants confirm that each entry in the Grace December bank book has a corresponding entry in the Grace December ledgers and that both show the same amount. *They will find that check # 3 in the bank book and the corresponding entry in the training expense ledger do not agree.*

**Step 2:** Put up the flip chart of check # 3 so they can see that the bank book is correct and ask a participant to make the correction on the expense ledger flip chart.

**Step 3:** Participants recalculate the balances. They should find that the balance for check # 4 is off by Mt. 1,000.

**Step 4:** Participants correct this in the bank book.

**Step 5:** Participants enter the new bank total in the trial balance and recalculate the trial balance total.

Do the cash plus bank plus outstanding cash advance total equal the income minus the expense total? *They don't.*

**What do you think we should do now?**

### **Activity 7: Participants check if the Grace December Outstanding Cash Advance Totals are Correct**

**Step 1:** Participants check if they have all of the outstanding cash advances.

**Step 2:** Participants recalculate the outstanding cash advance totals.

? Is it necessary to enter a new outstanding cash advance total in the trial balance and recalculate the trial balance total? *It is not necessary because the outstanding cash advance total is correct.*

Do the trial balance total and the income minus the expense total match? *They don't.*

**What do you think we should do now?**

**Activity 8: Participants check if the Grace December income and expense ledger totals are correct.**

**Step 1:** Participants recalculate the Grace December income ledger totals and the expense ledger totals. *The income ledger is the same as previously. The expense ledger should have Mt. 11 more than previously.*

**Activity 9: Participants recalculate the trial balance.**

**Step 1:** Participants enter the new income total and the new expense total in the trial balance and recalculate the income minus expense total.

Do the trial balance total and the income minus the expense total match? *They do.*

If they don't, what would you do? *Repeat Steps 1 to 5 until they do. Forever and ever.*

**Grace December Trial Balance that does not balance**

Ending Cash Book Balance	2,238		Income Ledger	74,500
Ending Bank Book Balance	50,479		Expense Ledger	15,276
Outstanding Cash Advances	5,000			
Total	57,717		Income – Expenses	59,224

**Corrected Grace December Trial Balance**

Ending Cash Book Balance	2,738		Income Ledger	74,500
Ending Bank Book Balance	51,479		Expense Ledger	15,283
Outstanding Cash Advances	5,000			
Total	59,217		Income – Expenses	59,217

**Trial Balance Reconciliation Method**

- 1) Is the trial balance correct?
  - a) Do the numbers in the trial balance match those in the books and ledgers?
  - b) Is the math in the trial balance correct?
  
- 2) Where all of the closing balances from the previous month correctly entered into the opening balances of the current month?

- 3) Is the cash book correct and does it agree with the ledgers?
  - a) Confirm that each entry in the cash book has a corresponding entry in a ledger. If not, make corrections.
  - b) Recalculate the cash book balances.
  - c) If necessary, enter the new cash book total in the trial balance and recalculate the trial balance total.
  
- 4) Is the bank book correct and does it agree with the ledgers?
  - a) Confirm that each entry in the bank book has a corresponding entry in a ledger. If not, make corrections.
  - b) Recalculate the bank book balances.
  - c) If necessary, enter the new bank book total in the trial balance and recalculate the trial balance total.
  
- 5) Is all the reconciled cash advance receipts correctly registered in the appropriate ledgers?
  - a) Check to make sure that you have recorded all the reconciled cash advances in the ledgers
  - b) If you find a mistake, correct it and recalculate the trial balance totals
  
- 6) Are the outstanding cash advance totals correct?
  - a) Check to make sure that you have included all of the outstanding cash advances.
  - b) Recalculate the outstanding cash advance totals.
  - c) If necessary, enter the new outstanding cash advance total in the trial balance and recalculate the trial balance total.
  
- 7) Are the income and expense ledger totals correct?
  - a) Recalculate the income ledger totals and the expense ledger totals.
  - b) If necessary, enter the new income total and the new expense total in the trial balance and recalculate the income minus expense total.

-----  
Note: The corrected cash book, bank book, and trial balance are presented after the flip charts.

### Grace November Cash Book Flip Chart

Ref	Date	From/to	Description	In	Expense	Out	Balance	Reconciled
			<b>Opening Balance</b>				<b>0</b>	
	2 Nov	Cash	Transfer to Cash	1,500			1,500	
	15 Nov	Ilda's Kitchen	Food for workshop		998	998	502	
	<b>30 Nov</b>		<b>Closing balance</b>				<b>502</b>	
			<b>Total</b>	<b>1,500</b>	<b>998</b>	<b>998</b>		

### Grace November Bank Book Flip Chart

Check #	Date	From/to	Description	In	Expense	Out	Balance	Reconciled
			Opening Balance				0	
	1 Nov	CNCS	Funding tranche #1	4,500			4,500	
2	2 Nov	Cash	Transfer to cash			1,500	3,000	
	<b>30 Nov</b>		<b>Closing Balance</b>				<b>3,000</b>	
			<b>Total</b>	<b>4,500</b>	<b>0</b>	<b>1,500</b>		

### Grace November Income Ledger:

<b>Budget Name</b>	CNCS	<b>Month &amp; Year</b>	Nov
<b>Budget Line #</b>	1	<b>Budget Amount</b>	450,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		<b>0</b>	450,000	
	1-Nov	CNCS Funding	4,500	4,500	445,500	
		<b>Total</b>	<b>4,500</b>	<b>4,500</b>		

### Grace November Workshop Expense Ledger

<b>Budget Name</b>	Workshops	<b>Month &amp; Year</b>	Nov
<b>Budget Line #</b>	9	<b>Budget Amount</b>	12,000

!

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		<b>0</b>	12,000	
90834	15 Nov	Ilda's Kitchen workshop food	998	998	11,002	
		<b>Total</b>	<b>998</b>	<b>998</b>		

### Grace November Office Equipment Expense Ledger

<b>Budget Name</b>	Office Equipment	<b>Month &amp; Year</b>	Nov
<b>Budget Line #</b>	7	<b>Budget Amount</b>	20,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		0		
		<b>Total</b>	<b>0</b>	<b>0</b>		

### Grace December Cash Book Flip Chart

Ref	Date	Payee/Vendor	Description	In	Expense	Out	Balance	Reconciled
1			<b>Opening Balance</b>				<b>502</b>	
2	Dec 3	Cash	Transfer to cash	12,000			12,502	
3	Dec 4	Ilda	Cash advance #65			6,000	6,502	
4	Dec 5	Miguel	Cash Advance #66			5,000	1,502	
5	Dec 5	Ilda	Change for CA #65	1,236			2,238	
			<b>Ending Balance</b>				<b>2,238</b>	
			<b>Total</b>	<b>13,236</b>	<b>0</b>	<b>11,000</b>		

### Grace December Advance Book Flip Chart

Ref	Date	Payee/Vendor	Description	In	Expense	Out	Balance	Reconciled
			<b>Opening Balance</b>				<b>0</b>	
2	Dec 4	Ilda	Cash advance #65	6,000			6,000	
3	Dec 5	Miguel	Cash Advance #66	5,000			11,000	
4	Dec 5	Ilda	Chairs & Lamps		4,764	4,764	6,236	
5	Dec 5	Ilda	Change for CA #65			1,236	5,000	
			<b>Ending Balance</b>				<b>5,000</b>	
			<b>Total</b>	<b>11,000</b>	<b>4,764</b>	<b>6,000</b>		

### Grace December Bank Book Flip Chart

Check #	Date	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
			Opening Balance				3,000	
2	Dec 1	CNCS	Funding tranche #2	70,000			73,000	
3	Dec 2	ANEMO	Activist		9,521	9,521	63,479	

			Training					
4	Dec 4	Cash	Transfer to cash			12,000	50,479	
			<b>Ending Balance</b>				<b>50,479</b>	
			<b>Total</b>	<b>70,000</b>	<b>9,521</b>	<b>21,521</b>		

**Grace December Cash Advance Report: #65**

**STEP 1: CASH ADVANCE VOUCHER**

<b>CASH ADVANCE VOUCHER</b>		
<b>Date:</b> : <u>04-Dec</u>		<b>N°:</b> <u>65</u>
<b>Names:</b> <u>Ilda</u>		
		<b>Amount :</b> <u>Mt 6,000,00</u>
<b>Description:</b> <u>Chairs and lamps</u>		
<b>Check Number:</b> <u>If a check is given</u>		
<b>Account Number:</b> _____	<b>Budget Line :</b> <u>Office Equip.</u>	
<b>Advanced Amount in word:</b> <u>Six thousand meticaís.</u>		
<b>Prepared by:</b> <u>Ilda</u>	<b>Approved by:</b> <u>Elena Macuacua</u>	<b>Received by:</b> <u>Ilda</u>

**Step 2: Reconciliation**

<b>RECONCILIATION VOUCHER</b>		
Date : <u>04-Dec</u>		<b>N° :</b> _____
Names : <u>Ilda</u>		
<b>Description :</b> <u>Chairs &amp; Lamps purchase</u>		<b>Budget</b>
<b>Line :</b> <u>Office Equip.</u>		
<b>(1) Advanced Amount:</b> <u>6,000</u> <b>(2) Total Expensed Amount:</b> <u>4,764</u> <b>(3) Amount due CBO/Employee:</b> <u>1,236</u>	<b>Step 1</b>  <b>Step 2</b> <b>Step 3 = Line (1) – Line (2)</b> <b>Note:</b> The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.	
<b>Submitted by</b> <u>Ilda</u>	<b>Reviewed by</b> <u>Elena Macuacua</u>	<b>Approved by</b> <u>Ilda</u>

**NB. Attach invoices/External justification document.**

**Step 3: Record Receipts**

Bill	Date	Payee/Vendor	Budget Line	Account Number	Amount	Description
	4-Dec	Miguel's Office Furn.	Office Equip		4,764	Chairs & Lamps
<b>Total Receipts</b>					<b>4,764</b>	

**Grace December Cash Advance Report #66**

**STEP 1: CASH ADVANCE VOUCHER**

<b>CASH ADVANCE VOUCHER</b>		
<b>Date:</b> : 04-Dec	<b>N°:</b> 66	
<b>Names:</b> Miguel Santos	<b>Amount:</b> Mt 5,000,00	
<b>Description:</b> Chairs and lamps		
<b>Check Number:</b> If a check is given		
<b>Account Number:</b> _____	<b>Budget Line:</b> _____	
<b>Advanced Amount in word:</b> Five thousand meticaís.		
<b>Prepared by:</b> Miguel Santos	<b>Approved by:</b> Elena Macuacua	<b>Received by:</b> Miguel Santos

**Step 2: Reconciliation**

<b>RECONCILIATION VOUCHER</b>		<b>N°:</b> _____
<b>Date:</b> : _____		
<b>Names:</b> : _____		
<b>Description:</b> : _____	<b>Budget Line:</b> _____	
<b>(1) Advanced Amount:</b> _____	Step 1	
<b>(2) Total Expensed Amount:</b> _____	Step 2	

<b>(3) Amount due CBO/Employee:</b> <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/>	<b>Step 3 = Line (1) – Line (2)</b> <b>Note:</b> The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.
Submitted by _____	Reviewed by _____
Approved by _____	
<b>NB. Attach invoices/External justification document.</b>	

### Step 3: Record Receipts

Bill	Date	Payee/Vendor	Budget Line	Account Number	Amount	Description
<b>Total Receipts</b>						

### Grace December Income Ledger

<b>Budget Name</b>	CNCS	<b>Month &amp; Year</b>	Dec
<b>Budget Line #</b>	1	<b>Budget Amount</b>	450,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		<b>4,500</b>	445,500	
	1-Dec	CNCS Funding	70,000	74,500	375,500	

### Grace December Expense Ledger

<b>Budget Name</b>	Workshops	<b>Month &amp; Year</b>	Dec
<b>Budget Line #</b>	9	<b>Budget Amount</b>	12,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		<b>998</b>	11,002	
8474774	2-Dec	ANEMO	9,512	10,510	1,490	

### Grace December Expense Ledger

<b>Budget Name</b>	Office Equipment	<b>Month &amp; Year</b>	Dec
<b>Budget Line #</b>	7	<b>Budget Amount</b>	20,000

RCT	Date	Description	Amount	Running	Running	Recon
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#				Total	Balance	
		Opening Balance		0	20,000	
58793	4-Dec	Miguel's Office Furniture, Chairs & Lamp	4,764	4,764	15,236	

### Corrected Grace December Books and Ledgers

#### Corrected Grace December Cash Book

Ref	Date	From/to	Description	In	Expense	Out	Balance	Reconciled
			<b>Opening Balance</b>				<b>502</b>	
2	3 Dec	Cash	Transfer to cash	12,000			12,502	
3	4 Dec	Ilda	Cash advance #65			6,000	6,502	
4	5 Dec	Miguel	Cash Advance #66			5,000	1,502	
5	5 Dec	Ilda	Change for CA #65	1,236			2,238	
5	<b>31 Dec</b>	<b>5 Dec, Ilda</b>	<b>Math error</b>	<b>500</b>			<b>2,738</b>	
			<b>Ending Balance</b>				<b>2,738</b>	
			<b>Total</b>	<b>13,736</b>	<b>0</b>	<b>11,000</b>		

#### Corrected Grace December Bank Book

Check #	Date	From/To	Description	In	Expense	Out	Balance	Rec
			Balance Forward				3,000	
2	1 Dec	CNCS	OVC funding	70,000			73,000	
3	2 Dec	ANEMO	Training		9,521	9,521	63,479	
4	4 Dec	Cash	Transfer to cash			12,000	50,479	
4	<b>31 Dec</b>	<b>4 Dec, Cash</b>	<b>Math error</b>	<b>1,000</b>			<b>51,479</b>	
			<b>Ending Balance</b>				<b>51,479</b>	
			<b>Total</b>	<b>71,000</b>	<b>9,521</b>	<b>21,521</b>		

#### Corrected Grace December Expense Ledger: Workshops

<b>Budget Name</b>	Workshops	<b>Month &amp; Year</b>	Dec-09
<b>Budget Line #</b>	9	<b>Budget Amount</b>	12,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Rec
		Opening Balance		<b>998</b>	11,002	
8474774	2-Dec	ANEMO	9,512	10,510	1,490	

	2-Dec	2 Dec, ANEMO, Reversal	-9,512	998	11,002	
	2-Dec	2 Dec, ANEMO, Correction	9,521	10,519	1,481	

Cash Advance Reports – No corrections needed

Expense Ledger: Office Equipment – No corrections needed

Income Ledger: CNCS – No corrections needed

### Corrected Grace December Trial Balance

Ending Cash Book Balance	2,738	Income Ledger	74,500
Ending Bank Book Balance	51,479	Expense Ledger	15,283
Outstanding Cash Advances	5,000		
Total	59,217	Income – Expenses	59,217

## Session5.4

### June Trial Balance: Finding and Correcting Errors

<b>LEARNING OBJECTIVES</b>	
<b>By the end of this session, participants will be able to:</b>	
→	find errors in accounts and use a trial balance to know if mistakes might still exist.

Learning Time	Facilitator's Materials
90 minutes	<p><b><u>Materials &amp; Preparation</u></b></p> <p><u>Preparation:</u> fill in a blank trial balance flip chart with the information provided in the “Feliz June Trial Balance (that does not balance)” provided at the end of the session</p> <p><u>Flip Chart:</u></p> <ul style="list-style-type: none"> <li>• Trial Balance Reconciliation Method</li> <li>• Blank Trial balance flip chart that you filled in with Preliminary Feliz June Trial Balance (that does not balance)</li> </ul> <p>Feliz June Accounts (cash book, bank book, income/expense ledgers, and cash advance receipts).</p> <p>The following two receipts, in Cash Advance binder under ‘Outstanding Receipts’, which reconcile cash advance #5</p> <p style="padding-left: 40px;">June 2, Taxi ML6101, 2,455 Meticaís</p> <p style="padding-left: 40px;">June 3, Ophelia’s Stationary, 1,018 Meticaís</p> <p>6-8 staplers</p>

<b>SESSION OVERVIEW</b>	
<b>Activity 1</b>	Participants reconcile the May outstanding cash advance (but cash book and expense ledgers are already filled in).
<b>Activity 2</b>	Quick review of Trial Balance Reconciliation Method.
<b>Activity 3</b>	Participants use the Trial Balance Reconciliation Method to discover and correct errors.
<b>Activity 4</b>	Participants correct the errors on the flip charts in front of the room.

### **Introduction:**

Now you are going to help Feliz find the problems in their June Trial Balance. But before you do that, we have to reconcile the outstanding cash advance from May.

### **Activity 1: Participants reconcile the May outstanding cash advance (but cash book and expense ledgers are already filled in)**

**Step One:** Participants locate their outstanding May Cash Advance #5.

**Step two:** Participants locate their two June receipts in their Cash Advance binder, that reconcile Cash Advance #5

Now, you have your 2 receipts for cash advance # 5,

June 2, Taxi ML6101, 2,455 Meticaais

June 2, Rental Palace, 1,018

**Step 3:** Facilitator tells participants to imagine each of them getting 27 meticaais change along with the receipts

Now, This time, you don't have to register the change in the cash book and the receipts in the expense ledger, because Feliz already did that

What do you do now?

**Step 4:** Participants fill in step two of the cash advance #5 with the two receipts

**Step 5:** Participants fill in step three of the cash advance #5 with the imaginary change of 27 meticaais

**Step 6:** Participants staple the receipts to the cash advance, and file it as reconciled.

Cash Advance #5 from May, is reconciled in June. Because the receipts were brought back in June.

Now we can go on to the trial balance.

### **Activity 2: Quick review of Trial Balance Reconciliation Method**

**Step 1** Put up “Trial Balance Reconciliation Method” (in Session 16.3, above).

**Step 2:** Review the steps

### **Activity 3: Participants use the Trial Balance Reconciliation Method to discover and correct errors**

**Step 1:** Break participants up into pairs

**Step 2:** Put up the Feliz preliminary trial balance for June

**Step 3: Explain the activity:**

**Instructions:** You have been given the Feliz accounts for June, as well as a trial balance. As you can see, the trial balance is not equal on both sides.

**What do we do when it is not equal? *We find the mistakes and correct them.***

Yes, that is exactly what you will do in this next exercise.

- Using your Feliz June accounts, find the mistakes and recalculate the trial balance.
- When the trial balance is equal on both sides you are finished.
- When you are finished tell me and I will check your work.

Will you need your May accounts too? Why or why not?

*Yes, to check that all balances were transferred correctly from May into June.*

What guide do you have to help you?

*The trial balance reconciliation method.*

Please follow this guide.

Do not tell the participants that there is a mistake in the opening balance of the June Workshops expense ledger, let them find it themselves.

If most of the participants are having difficulty with the exercise, walk them through it step by step. (using the steps in the trial balance reconciliation method).

#### **Activity 4 : Participants correct the errors on the flip charts in front of the room**

**Step 1:** Put June Feliz accounts on the wall (cash book, bank book, income/expense ledger, trial balance)

**Step 2:** Participants come to the front and make corrections to the June cash book, then the June communication ledger, then the June workshop ledger. Ask one participant fill in one line, then asking another to fill in the next, and so on.

**Step 3:** Participants fill in the new trial balance.

Note for Facilitator: there are four errors described here and highlighted below.

- 1) Feliz June cash book Ref 30 has an entry error.
- 2) Feliz June cash book Ref 34 has a math error.
- 3) Feliz June communication expense ledger has an entry error.
- 4) Feliz June workshop expense ledger has an error in the opening balance.

### Feliz June Cash Book

Ref	Date	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
			<b>Opening Balance</b>				<b>12,577</b>	
30	2-Jun	Ophelia's Stationery	Office Materials		2,453	2,453	10,124	
31	3-Jun	Miguel Santos	Change from Cash Advance #5	27			10,151	
32	9-Jun	Bank	Transfer to cash	7,000			17,151	
33	10-Jun	Papelaria Rex	Office Materials		954	954	16,197	
34	10-Jun	ML 7607	Taxi Rental Boane to Xai-Xai		3,580	3,580	12,605	
35	12-Jun	Bank	Transfer to cash	20,000			32,605	
36	13-Jun	Julio Huentes	Cash Advance #6			3,500	29,105	
37	14-Jun	Julio Huentes	Change from Cash Advance #6	107			29,212	
38	18-Jun	Antonia Zanada	Cash Advance #7			4,500	24,712	
39	27-Jun	30 Activists	Incentives		15,000	15,000	9,712	
40	28-Jun	Julio Huentes	Cash Advance #8			3,500	6,212	
34	30-Jun	10 June, ML7607	Math Error	12			6,224	
30	30-Jun	2 June, Ophelia's	Reversal	2,453	-2,453		8,677	
30	30-Jun	2 June, Ophelia's	Re-entry Office Materials		2,543	2,543	6,134	
			<b>Closing balance</b>				<b>6,134</b>	
			<b>Total</b>	<b>29,599</b>	<b>22,077</b>	<b>36,030</b>		

### Feliz Expense Ledger

<b>Budget Name</b>	Communication	<b>Month &amp; Year</b>	June
<b>Budget Line #</b>	1	<b>Budget Amount</b>	6,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		<b>4,094</b>	1,906	
	21-Jun	TDM	315	4,409	1,591	
	30-Jun	21 Jun, TDM, Reversal	-315	4,094	1,906	
	30-Jun	21 Jun, TDM, Re-entry	351	4,445	1,555	
		<b>Totals</b>	<b>351</b>	<b>4,445</b>		

### Feliz Expense Ledger

<b>Budget Name</b>	Workshops	<b>Month &amp; Year</b>	June
<b>Budget Line #</b>	9	<b>Budget Amount</b>	142,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		<b>16,175</b>	125,825	
	2-Jun	Rental Palace, Chairs and tables	1,018	<b>17,193</b>	124,807	
	22-Jun	Miguel's Hotel Accommodation for participants	8,750	<b>25,943</b>	116,057	
	22-Jun	Clara's Catering	4,050	<b>29,993</b>	112,007	
	30-Jun	Opening Balance Error <sup>1</sup>		+9500		
		Corrected total		39,493	102,507	
		<b>Totals</b>	<b>13,818</b>	<b>39,493</b>		

### Feliz June Trial Balance corrected

Ending Cash Book Balance	6,134	Income	207,500
Ending Bank Book Balance	26,194	Expenses	167,172
Outstanding Cash Advances	8,000		
Total	40,328	Income – expenses =	40,328

### Feliz June Trial Balance Handout (that does not balance)

Ending Cash Book Balance	6,212	Income	207,500
Ending Bank Book Balance	26,194	Expenses	157,636
Outstanding Cash Advances	8,000		
Total	40,406	Income – expenses =	49,864

<sup>1</sup> The Mt. 9,500 amount is **not** entered in the monthly total because it is not a monthly expense.

## Session 5.5

### End of Chapter 5 Review

LEARNING OBJECTIVES	
<b>By the end of this session, participants will have:</b>	
→	reviewed the main ideas of the chapter.

Learning Time	Facilitator's Materials
30 minutes	<b>Preparation:</b> none <b>Materials:</b> Handouts: End of chapter 16 review Flip Chart: End of chapter 16 review

SESSION OVERVIEW	
<b>Activity One</b>	Participants complete their 'end of chapter review' handout.
<b>Activity Two</b>	Facilitator goes over the correct answers with the participants.

#### **Introduction: Facilitator explains the activity**

Find your handout 'end of chapter 16 review'

You have 15 minutes to complete it

After 15 minutes we will review your answers

#### **Activity One: Participants fill in their end of chapter review handout**

#### **Activity Two: Facilitator reviews the answers with the participants**

Step One: post the end of chapter 15 review flip chart on the wall

Step Two: Call volunteers up the front to fill in the correct answers

Discuss the correct answers and the incorrect answers.

Make sure to participants understand why a statement is false, or why a multiple choice answer is correct.

## End of Chapter 16 Review: Trial Balance

### 1) True/ False

- F In double entry accounting, every transaction is recorded three times.
- F Double entry accounting lets you know how much money you have received, how much you have spent in each line item, and how much money you have on hand.
- T A trial balance helps you find mistakes.
- F If the trial balance shows that both sides of the accounts are equal then we know for certain that there can be no mistakes in our accounts.
- T When you do a trial balance, use the running total column in the income and expense ledgers to calculate total income and total expenses.
- F Do a trial balance in the middle of each month.

### 2) The trial balance formula is:

- a) *Cash book + Bank book = Income ledger - Expense Ledger + Outstanding Cash Advances*
- b) *Cash book + Bank Book + Outstanding Cash Advances = Income Ledger + Expense Ledger.*
- c) ~~*Cash book + Bank book + Outstanding Cash Advances = Income Ledger - Expense Ledger.*~~
- d) *Cash Book + Bank Book = Income Ledger - Expense Ledger*
- e) *Cash Book + Bank Book + Outstanding Cash Advances = Income Ledger + Expense Ledger - Bank Statement Balance*

### 3) Why must we do a cash reconciliation and a bank reconciliation before we do a trial balance?

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### 4) We must include outstanding cash advances in our trial balance because (Circle all that are correct)

- a. ~~It is the CBO's unspent money until the person who took the cash advance returns both the receipts and the change.~~
- b. If we did not include it in the Trial Balance, our accounts would never balance because in a outstanding cash advance, there is a transaction on one side of the accounts (cash book) without an equal transaction on the other side of the accounts (expense ledger) .
- c. ~~An cash advance is cash that has been given to someone to spend on behalf of the CBO. If it is outstanding, it means the person who took it is still responsible for accounting for all of it. So, it is actually still part of the CBO's cash on hand.~~
- d. I was told we have to include it but I still really don't understand why.
- e. We don't need to include outstanding cash advances in our trial balance because once the money is given to someone, it is no longer cash that belongs to the CBO.

## Annex 1: Extra Trial Balance Exercise 1

January Accounts for CBO called Courage. There are no errors in the books and ledgers.

### Handout

- Accounts Packet for Extra Trial Balance Exercise.

### Answers for facilitators:

The correct Trial Balance is:

#### Courage Trial Balance: January

Ending Cash Book Balance	1,622	Income Ledger	350,000
Ending Bank Book Balance	33,743	Expense Ledger	311,135
Outstanding Cash Advances	3,500		
Total	38,865	Income – Expense	38,865

### Accounts Packet for Extra Trial Balance Exercise 1

#### Courage January Trial Balance

Ending Cash Book Balance		Income Ledger	
Ending Bank Book Balance		Expense Ledger	
Outstanding Cash Advances			
Total		Income – Expense	

#### Courage January Cash Book

Ref	Date	Payee/Vendor	Description	In	Out	Balance	Rec
			<b>Balance Forward</b>			<b>1,449</b>	
1	8-Jan	BIM	Cash Transfer	7,000		8,449	
2	8-Jan	Julio	Cash Advance #81		4,500	3,949	
3	10-Jan	BIM	Cash Transfer	6,000		9,949	
4	10-Jan	Antonia	Cash Advance #82		4,000	5,949	
5	11-Jan	Giros	Pay as you go		3,000	2,949	
6	11-Jan	Julio	Cash Advance Change #81	29		2,978	
7	13-Jan	Antonia	Cash Advance Change #82	1,619		4,597	
8	14-Jan	BIM	Cash Transfer	10,000		14,597	
9	15-Jan	Taxi Fares	Activistas Meeting		3,475	11,122	
10	15-Jan	Activistas	15 Incentives		6,000	5,122	
11	29-Jan	Antonia	Cash Advance #83		3,500	1,622	

#### Courage January Bank Book

Date	Check No.	Payee/Vendor	Description	In	Out	Balance	Rec
1-Jan			<b>Balance Forward</b>			<b>27,890</b>	
2-Jan		CNCS	Funding	50,000		77,890	

2-Jan		BIM	Wire Transfer Fee		500	77,390	
3-Jan		BIM	Overcounter Statement		50	77,340	
6-Jan	001	Miguel's Hotel	Accommodation for Workshop Participants		8,995	68,345	
8-Jan	002	Cash	Transfer to Cash		7,000	61,345	
10-Jan	003	Cash	Transfer to Cash		6,000	55,345	
11-Jan	004	Custovao's Outstanding Office Furniture	Desk, Table, Chairs		8,927	46,418	
14-Jan	005	Cash	Transfer to Cash		10,000	36,418	
25-Jan		BIM	Bank Fees		150	36,268	
28-Jan		Moz Telcomm	Jan Telephone		2,525	33,743	

### Courage January Advance Book

Date	Check/Cash Receipt No.	Vouche/Advance No.	Advance/Payee	Description	IN	Expense	OUT	Balance
				<b>Opening Balance</b>				0
8-Jan	81	81	Julio	Cash Advance	4,500			4,500
10-Jan	82	82	Antonia	Cash Advance	4,000			8,500
11-Jan	81	81	Julio	Maxixe to I'bane to Maxixe		120	120	8,380
11-Jan	81	81	Julio	A4 Paper, stationary supplies		3,762	3,762	4,618
11-Jan	81	81	Julio	Notebooks		589	589	4,029
11-Jan	81	81	Julio	Cash Advance Change			29	4,000
13-Jan	82	82	Antonia	Workshop Food		965	965	3,035
13-Jan	82	82	Antonia	Workshop Room Rental		850	850	2,185
13-Jan	82	82	Antonia	Pens and Notepads		566	566	1,619
13-Jan	82	82	Antonia	Cash Advance Change			1,619	0
29-Jan	83	83	Antonia	Cash Advance	3,500			3,500
				<b>Ending Balance</b>				<b>3,500</b>
				<b>TOTALS</b>	<b>12,000</b>	<b>6,852</b>	<b>8,500</b>	

**Courage January CASH ADVANCE REPORT: No. 81**  
**STEP 1: CASH ADVANCE VOUCHER**

<b>CASH ADVANCE VOUCHER</b>		
<b>Date:</b> : <u>08-Jan</u>		<b>N°:</b> <u>81</u>
<b>Names:</b> <u>Julio Huentes</u>		<b>Amount :</b> <u>Mt 4,500,00</u>
<b>Description:</b> <u>Transportation and office supplies</u>		
<b>Check Number:</b> <u>If a check is given</u>		
<b>Account Number:</b> _____	<b>Budget Line</b> : <u>Transportation &amp; Office Supplies.</u>	
<b>Advanced Amount in word:</b> <u>Four thousand and five hundred meticaís.</u>		
<b>Prepared by:</b> <u>Julio Huentes</u>	<b>Approved by:</b> <u>Elena Macuacua</u>	<b>Received by:</b> <u>Julio Huentes</u>

**Step 2: Reconciliation**

<b>RECONCILIATION VOUCHER</b>		
Date <u>11-Jan</u>		N° : <u>81</u>
Names : <u>Julio Huentes</u>		
Description : <u>Transportation and office supplies</u>		<b>Budget Line :</b> <u>Transp &amp; O. Supplies</u>
<b>(1) Advanced Amount:</b> <u>4,500</u> <b>(2) Total Expensed Amount:</b> <u>4,471</u> <b>(3) Amount due CBO/Employee:</b> <u>29</u>	Step 1 Step 2 Step 3 = <b>Line (1) – Line (2)</b> <b>Note:</b> The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.	
Submitted by <u>Julio Huentes</u>	Reviewed by <u>Elena Macuacua</u>	Approved by <u>Julio Huentes</u>
<b>NB. Attach invoices/External justification document.</b>		

### STEP 3: RECORD RECEIPTS

Date	Vendor	Description	Amount	Budget Line
11-Jan	Taxi Fare	Maxixe to I'bane to Maxixe	120	Transportation
11-Jan	Ophelia's Super Stationary	A4 Paper, stationary supplies	3,762	Office Supplies
11-Jan	Papalaria Rex	Notebooks	589	Office Supplies
<b>TOTAL</b>			4,471	

### Courage January CASH ADVANCE REPORT: No. 82

#### STEP 1: CASH ADVANCE VOUCHER

CASH ADVANCE VOUCHER		
<b>Date:</b> : <u>10-Jan</u>	<b>N°:</b> <u>82</u>	<b>Amount:</b> <u>Mt 4,000,00</u>
<b>Names:</b> <u>Antonio Zanada</u>	<b>Description:</b> <u>Workshop costs.</u>	
<b>Check Number:</b> <u>If a check is given</u>		
<b>Account Number:</b> _____		
<b>Budget Line:</b> <u>Workshop</u>		
<b>Advanced Amount in word:</b> <u>Four thousand meticaís.</u>		
<b>Prepared by:</b> <u>Antonio Zanada</u>	<b>Approved by:</b> <u>Elena Macuacua</u>	<b>Received by:</b> <u>Antonio Zanada</u>

#### Step 2: Reconciliation

RECONCILIATION VOUCHER								
Date <u>13-Jan</u>		N° : <u>82</u>						
Names : <u>Antonio Zanada</u>	<b>Budget Line :</b> <u>Workshop</u>							
Description : <u>Workshop costs</u>								
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;">(1) Advanced Amount: <u>4,000</u></td> <td style="padding: 5px;">Step 1</td> </tr> <tr> <td style="padding: 5px;">(2) Total Expensed Amount: <u>2,381</u></td> <td style="padding: 5px;">Step 2</td> </tr> <tr> <td style="padding: 5px;">(3) Amount due CBO/Employee: <u>1,619</u></td> <td style="padding: 5px;">Step 3 = <b>Line (1) – Line (2)</b></td> </tr> </table>	(1) Advanced Amount: <u>4,000</u>	Step 1	(2) Total Expensed Amount: <u>2,381</u>	Step 2	(3) Amount due CBO/Employee: <u>1,619</u>	Step 3 = <b>Line (1) – Line (2)</b>	<p><b>Note:</b> The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.</p>	
(1) Advanced Amount: <u>4,000</u>	Step 1							
(2) Total Expensed Amount: <u>2,381</u>	Step 2							
(3) Amount due CBO/Employee: <u>1,619</u>	Step 3 = <b>Line (1) – Line (2)</b>							

Submitted by  
Antonio Zanada

Reviewed by  
Elena Macuacua

Approved by  
Antonio Zanada

**NB. Attach invoices/External justification document.**

**STEP 3: RECORD RECEIPTS**

Date	Vendor	Description	Amount	Budget Line
12-Jan	Ilda's Catering	Workshop Food	965	Workshop
12-Jan	Romeo's Guest House	Workshop Room Rental	850	Workshop
13-Jan	Ophelia's Office Supplies	Pens and Notepads	566	Workshop
<b>TOTAL</b>			2,381	

**Courage January CASH ADVANCE REPORT: No. 83**

**STEP 1: CASH ADVANCE VOUCHER**

<b>CASH ADVANCE VOUCHER</b>		
<b>Date:</b> : <u>29-Jan</u>	<b>N°:</b> <u>83</u>	
<b>Names:</b> <u>Antonio Zanada</u>	<b>Amount:</b> <u>Mt 3,500,00</u>	
<b>Description:</b> _____		
<b>Check Number:</b> <u>If a check is given</u>		
<b>Account Number:</b> _____	<b>Budget Line:</b> _____	
<b>Advanced Amount in word:</b> <u>Three thousand five hundred meticais.</u>		
<b>Prepared by:</b> <u>Antonio Zanada</u>	<b>Approved by:</b> <u>Elena Macuacua</u>	<b>Received by:</b> <u>Antonio Zanada</u>

**Step 2: Reconciliation**

<b>RECONCILIATION VOUCHER</b>	
Date _____	N° : _____
Names : _____	
Description : _____	<b>Budget Line :</b> _____
<b>(1) Advanced Amount:</b> _____	Step 1
<b>(2) Total Expensed Amount:</b> _____	Step 2
<b>(3) Amount due CBO/Employee:</b> _____	Step 3 = <b>Line (1) – Line (2)</b>
<b>Note:</b> The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance	

Amount is less than the Total Expensed Amount.

Submitted by \_\_\_\_\_

Reviewed by \_\_\_\_\_

Approved by \_\_\_\_\_

**NB. Attach invoices/External justification document.**

### STEP 3: RECORD RECEIPTS

Date	Vendor	Description	Amount	Budget Line
<b>TOTAL</b>				

### Courage January Income Ledger

Month & Year:	Jan					
Budget Line #:	1					
Name of Budget Line	CNCS Funding					
Total Budget :	422,500					
Receipt #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		300,000	122,500	
	2-Jan	CNCS	50,000	350,000	72,500	
		<b>Total</b>	<b>50,000</b>	350,000		

### Courage January Expense Ledger

Month & Year:	Jan					
Budget Line #:	1					
Name of Budget Line	Bank Charges					
Budget Line Total	10,000					
Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		3,526	6,474	
	2-Jan	Wire Fee	500	4,026	5,974	
	3-Jan	Overcounter Statement	50	4,076	5,924	
	31-Jan	Bank Fees	150	4,226	5,774	

		<b>Total</b>	<b>700</b>	<b>4,226</b>		

**Courage January Expense Ledger**

Month & Year:	Jan
Budget Line #:	2
Name of Budget Line	Electricity
Budget Line Total	8,000

Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		6,230	1,770	
		<b>Total</b>	<b>-</b>	<b>6,230</b>		

**Courage January Expense Ledger**

Month & Year:	Jan
Budget Line #:	3
Name of Budget Line	Office Equipment
Budget Line Total	19,500

Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		10,487	9,013	
	11-Jan	Custovao's Outstanding Office Furniture: Desk, Table Chairs	8,927	19,414	86	
		<b>Total</b>	<b>8,927</b>	<b>19,414</b>		

**Courage January Expense Ledger**

Month & Year:	Jan
Budget Line #:	4
Name of Budget Line	Workshops
Budget Line Total	150,000

Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		89,139	60,861	
	12-Jan	Ilda's catering, Food	965	90,104	59,896	
	12-Jan	Romeo's Guest House - Room Rental	850	90,954	59,046	
	12-Jan	Miguel's Hotel Workshop	8,995	99,949		

		Accommodations			50,051	
		<b>Total</b>	<b>10,810</b>	<b>99,949</b>		

<b>Courage January Expense Ledger</b>	
Month & Year:	Jan
Budget Line #:	5
Name of Budget Line	Transportation
Budget Line Total	40,000

Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		23,412	16,588	
	11-Jan	Taxi Fare: Maxixe - I'bane – Maxixe	120	23,532	16,468	
	11-Jan	Taxi Fare 15 Activists Various locations to Maxixe	3,475	27,007	12,993	
		<b>Total</b>	<b>3,595</b>	<b>27,007</b>		

<b>Courage January Expense Ledger</b>	
Month & Year:	Jan
Budget Line #:	6
Name of Budget Line	Communication
Budget Line Total	15,000

Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening balance		4,587	10,413	
	11-Jan	Giros pay as you go 6 x 500	3,000	7,587	7,413	
	11-Jan	Moz Telcom - Jan Bill	2,525	10,112	4,888	
		<b>Total</b>	<b>5,525</b>	<b>10,112</b>		

**Courage January Expense Ledger**

Month & Year: Jan  
 Budget Line #: 7  
 Name of Budget Line Incentives  
 Budget Line Total 170,000

Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		131,000	39,000	

	15-Jan	15 Activistas Incentives	6,000	137,000	33,000	
		<b>Total</b>	<b>6,000</b>	<b>137,000</b>		

<b>Courage January Expense Ledger</b>						
Month & Year:		Jan				
Budget Line #:		8				
Name of Budget Line		Office Supplies				
Budget Line Total		10,000				
Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		2,280	7,720	
	11-Jan	Ophelia's Super Stationery Store – A4 Paper, Notebooks, Pens, pencils, markers, staplers, staples, etc.	3,762	6,042	3,958	
	11-Jan	Papelaria Rex	589	6,631	3,369	
	13-Jan	Ophelia's Super Stationery Store – Pens and Notebooks	566	7,197	2,803	
		<b>Total</b>	<b>4,917</b>	<b>7,197</b>		

## Annex 2: Extra Trial Balance Exercise 2

February Accounts for CBO called Courage. Hand out accounts packet for extra trial balance exercise 2. There are no errors in these books and ledgers.

### Materials and Preparation

#### Flip Chart

- Blank Trial Balance

#### Participants Material

- Accounts Packet for Extra Trial Balance Exercise 2

#### Answers for Facilitators:

#### **Correct Courage Trial Balance: February**

Ending Cash Book Balance	1,431	Income	400,000
Ending Bank Book Balance	33,543	Expenses	357,026
Outstanding Cash Advances	8,000		
Total	42,974	Income – Expenses =	42,974

#### **Accounts Packet for Extra Trial Balance Exercise 2**

#### **5. Annex 1**

#### **Courage February Cash Book**

Ref	Date	From/To	Description	In	Out	Balance	Recon- ciliation
			<b>Balance Forward</b>			<b>1,622</b>	
12	11-Feb	Giros	Pay as you go		1,500	122	
13	11-Feb	BIM	Cash Transfer	20,000		20,122	
14	13-Feb	Antonia	Cash Advance #307 Change	27		20,149	
15	13-Feb	Julio	Cash Advance #308		3,500	16,649	
16	14-Feb	Activistas	15 x Incentives		16,405	244	
17	14-Feb	Julio	Cash Advance #308 Change	107		351	
18	16-Feb	Papelaria	Stationery		710	(359)	
19	17-Feb	BIM	Cash Transfer	10,000		9,641	
20	18-Feb	Antonia	Cash Advance #309		4,500	5,141	
21	18-Feb	Julio	Cash Advance #310		3,500	1,641	
22	27-Feb	Taxi ML 6510	2 x Maxixe-I'bane- Maxixe		210	1,431	
	<b>28-Feb</b>		<b>Closing balance</b>			<b>1,431</b>	

**Courage February Bank Book**

Date	Check No.	From/To	Description	In	Out	Balance	Reconciliation
1-Feb			Balance Forward			<b>33,743</b>	
5-Feb	006	Moz Telcomm	December Telephone		1,575	32,168	
5-Feb	007	Moz Electric	December Electric Bill		675	31,493	
7-Feb	008	Miguel's Hotel	Accommodation for Workshop Participants		10,675	20,818	
7-Feb	009	Hilda's Catering Service	Food for Workshop		5,500	15,318	
9-Feb		CNCS	Funding	50,000		65,318	
9-Feb		BIM	Wire Transfer fee		1,500	63,818	
10-Feb		BIM	Overcounter balance request		100	63,718	
11-Feb		Cash	Transfer to Cash		20,000	43,718	
17-Feb		Cash	Transfer to Cash		10,000	33,718	
28-Feb		BIM	Bank Fees		175	33,543	
<b>28-Feb</b>			<b>Closing balance</b>			<b>33,543</b>	

**Courage February Advance Book**

Date	Check/Cash Receipt No.	Vouche/Advance No.	Advance/Payee	Description	IN	Expense	OUT	Balance
				<b>Opening Balance</b>				3,500
13-Feb		307	Antonia	5 people to Xia-Xia		2,455	2,455	1,045
13-Feb		307	Antonia	Notebooks & Pens		1,018	1,018	27
13-Feb		307	Antonia	Cash Advance #307 Change			27	0
13-Feb		308	Julio	Cash Advance	3,500			3,500
14-Feb		308	Julio	Stationery Supplies		3,393	3,393	107
14-Feb		308	Julio	Cash Advance			107	0
18-Feb		309	Antonia	Cash Advance	4,500			4,500
18-Feb		310	Julio	Cash Advance	3,500			8,000
				<b>Ending Balance</b>				<b>8,000</b>
				<b>TOTALS</b>	<b>11,500</b>	<b>6,866</b>	<b>7,000</b>	

**Courage February CASH ADVANCE REPORT: No. 307**

**STEP 1: CASH ADVANCE VOUCHER**

CASH ADVANCE VOUCHER		
Date: <u>29-Jan</u>		N°: <u>307</u>
Names: <u>Antonio Zanada</u>		Amount: <u>Mt 3,500,00</u>
Description: <u>Transportation, notebooks &amp; pens.</u>		
Check Number: <u>If a check is given</u>		
Account Number: _____	Budget Line : <u>Transportation &amp; Workshops</u>	
Advanced Amount in word: <u>Three thousand five hundred meticais.</u>		
Prepared by: <u>Antonio Zanada</u>	Approved by: <u>Elena Macuacua</u>	Received by: <u>Antonio Zanada</u>

**Step 2: Reconciliation**

RECONCILIATION VOUCHER		
Date <u>13-Feb</u>		N° : <u>307</u>
Names : <u>Antonio Zanada</u>		
Description <u>Transportation, notebooks &amp; pens.</u>		Budget Line : <u>Transportation &amp; Workshops.</u>
<p>(1) Advanced Amount: <u>3,500</u></p> <p>(2) Total Expensed Amount: <u>3,473</u></p> <p>(3) Amount due CBO/Employee: <u>27</u></p>	<p>Step 1</p> <p>Step 2</p> <p>Step 3 = <b>Line (1) – Line (2)</b></p> <p><b>Note:</b> The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.</p>	
Submitted by <u>Antonio Zanada</u>	Reviewed by <u>Elena Macuacua</u>	Approved by <u>Antonio Zanada</u>
<b>NB. Attach invoices/External justification document.</b>		

**STEP 3: RECORD RECEIPTS**

Date	Vendor	Description	Amount	Budget Line
2-Feb	Taxi:ML 6101	5 people to Xia-Xia	2,455	Transportation
10-Feb	Ophelia's stationery	Notebooks & Pens	1,018	Workshops

<b>TOTAL</b>	3,473
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**Courage February CASH ADVANCE REPORT: No. 308**

**STEP 1: CASH ADVANCE VOUCHER**

<b>CASH ADVANCE VOUCHER</b>		
<b>Date:</b> : <u>13-Feb</u>	<b>N°:</b> <u>308</u>	
<b>Names:</b> <u>Julio Huentes</u>	<b>Amount:</b> <u>Mt 3,500,00</u>	
<b>Description:</b> <u>Stationery Supplies.</u>		
<b>Check Number:</b> <u>If a check is given</u>		
<b>Account Number:</b> _____	<b>Budget Line:</b> <u>Workshops</u>	
<b>Advanced Amount in word:</b> <u>Three thousand five hundred meticais.</u>		
<b>Prepared by:</b> <u>Julio Huentes</u>	<b>Approved by:</b> <u>Elena Macuacua</u>	<b>Received by:</b> <u>Julio Huentes</u>

**Step 2: Reconciliation**

<b>RECONCILIATION VOUCHER</b>		
Date <u>14-Feb</u>	<b>N°:</b> <u>308</u>	
Names : <u>Julio Huentes</u>		
Description <u>Stationery Supplies.</u>	<b>Budget Line:</b> <u>Workshops.</u>	
<b>(1) Advanced Amount:</b> _____ <u>3,500</u>	Step 1	
<b>(2) Total Expensed Amount:</b> <u>3,393</u>	Step 2	
<b>(3) Amount due CBO/Employee:</b> <u>107</u>	<b>Step 3 = Line (1) – Line (2)</b> <b>Note:</b> The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.	
Submitted by <u>Julio Huentes</u>	Reviewed by <u>Elena Macuacua</u>	Approved by <u>Julio Huentes</u>
<b>NB. Attach invoices/External justification document.</b>		

**STEP 3: RECORD RECEIPTS**

Date	Vendor	Description	Amount	Budget Line
13-Feb	Papalaria Rex	Stationery Supplies	3393	Workshops
<b>TOTAL</b>			3393	

**Courage February CASH ADVANCE REPORT: No. 309****STEP 1: CASH ADVANCE VOUCHER**

<b>CASH ADVANCE VOUCHER</b>		
<b>Date:</b> : <u>18-Feb</u>	<b>N°:</b> <u>309</u>	
<b>Names:</b> <u>Antonio Zanada</u>	<b>Amount:</b> <u>Mt 4,500,00</u>	
<b>Description:</b> _____		
<b>Check Number:</b> <u>If a check is given</u> _____		
<b>Account Number:</b> _____	<b>Budget Line :</b> _____	
 <b>Advanced Amount in word:</b> <u>Four thousand five hundred meticais.</u>		
<b>Prepared by:</b> <u>Antonio Zanada</u>	<b>Approved by:</b> <u>Elena Macuacua</u>	<b>Received by:</b> <u>Antonio Zanada</u>

**Step 2: Reconciliation**

<b>RECONCILIATION VOUCHER</b>		
Date _____	N° : <u>309</u>	
Names : <u>Antonio Zanada</u>		
Description _____	<b>Budget Line :</b> _____	
<b>(1) Advanced Amount:</b> <u>4,500</u> <b>(2) Total Expensed Amount:</b> _____ <b>(3) Amount due CBO/Employee:</b> _____	Step 1	
	Step 2	
	<b>Step 3 = Line (1) – Line (2)</b>	
	<b>Note:</b> The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.	
Submitted by _____	Reviewed by _____	Approved by _____

NB. Attach invoices/External justification document.

**STEP 3: RECORD RECEIPTS**

Date	Vendor	Description	Amount	Budget Line
<b>TOTAL</b>			0	

**Courage February CASH ADVANCE REPORT: No. 310**

**STEP 1: CASH ADVANCE VOUCHER**

**CASH ADVANCE VOUCHER**

**Date:** : 18-Feb **N°:** 310

**Names:** Julio Huentes **Amount:** Mt 3,500,00

**Description:** \_\_\_\_\_

**Check Number:** If a check is given \_\_\_\_\_

**Account Number:** \_\_\_\_\_ **Budget Line:** \_\_\_\_\_

**Advanced Amount in word:** Three thousand five hundred meticais.

**Prepared by:** Julio Huentes **Approved by:** Elena Macuacua **Received by:** Julio Huentes

**Step 2: Reconciliation**

**RECONCILIATION VOUCHER**

Date \_\_\_\_\_ **N°:** 310

Names : Julio Huentes

Description \_\_\_\_\_ **Budget Line:** \_\_\_\_\_

**(1) Advanced Amount:** 3,500 Step 1

**(2) Total Expensed Amount:** \_\_\_\_\_ Step 2

**(3) Amount due CBO/Employee:** \_\_\_\_\_ **Step 3 = Line (1) – Line (2)**

**Note:** The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.

Submitted by \_\_\_\_\_

Reviewed by \_\_\_\_\_

Approved by \_\_\_\_\_

**NB. Attach invoices/External justification document.**

### STEP 3: RECORD RECEIPTS

Date	Vendor	Description	Amount	Budget Line
<b>TOTAL</b>			0	

### Courage February Income Ledger

Month & Year:		Feb				
Budget Line #:		1				
Name of Budget Line		CNCS Funding				
Total Budget:		422,500				
Receipt #	Date	Description	Amount	Running total	Running Balance	Recon
		Balance Forward from Previous Month (Zero if this is first month of budget)		350,000	72,500	
	9-Feb	CNCS	50,000	400,000	22,500	
		<b>Monthly Total</b>	<b>50,000</b>	400,000		

<b>Courage February Expense Ledger</b>						
Month & Year:		Feb				
Budget Line #:		1				
Name of Budget Line		Bank Charges				
Budget Line Total		10,000				
Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Balance Forward from Previous Month (Zero if this is first month of budget)		4,226	5,774	
	9-Feb	BIM: Wire Transfer Fee	1,500	5,726	4,274	
	10-Feb	Overcounter balance request	100	5,826	4,174	
	28-Feb	Bank Fees	175	6,001	3,999	
		<b>Monthly Total</b>	<b>1,775</b>	<b>6,001</b>		

<b>Courage February Expense Ledger</b>						
Month & Year:		Feb				
Budget Line #:		2				
Name of Budget Line		Electricity				
Budget Line Total		8,000				
Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Balance Forward from Previous Month (Zero if this is first month of budget)		6,230	1,770	
	5-Feb	Moz Electric	675	6,905	1,095	
		<b>Monthly Total</b>	<b>675</b>	<b>6,905</b>		

<b>Courage February Expense Ledger</b>						
Month & Year:		Feb				
Budget Line #:		3				
Name of Budget Line		Office Equipment				
Budget Line Total		19,500				
Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Balance Forward from Previous Month (Zero if this is first month of budget)		19,414	86	
		<b>Monthly Total</b>	<b>-</b>	<b>19,414</b>		



<b>Courage February Expense Ledger</b>						
Month & Year:		Feb				
Budget Line #:		4				
Name of Budget Line		Workshops				
Budget Line Total		150,000				
Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Balance Forward from Previous Month (Zero if this is first month of budget)		99,949	50,051	
	7-Feb	Hilda's catering	5,500	105,449	44,551	
	7-Feb	Miguel's Hotel	10,675	116,124	33,876	
	10-Feb	Ophelia's stationery	1,018	117,142	32,858	
	13-Feb	Papelaria Rex	3,393	120,535	29,465	
		<b>Monthly Total</b>	<b>20,586</b>	120,535		

<b>Courage February Expense Ledger</b>						
Month & Year:		Feb				
Budget Line #:		5				
Name of Budget Line		Transportation				
Budget Line Total		40,000				
Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Balance Forward from Previous Month (Zero if this is first month of budget)		27,007	12,993	
22 Cash	27-Feb	Taxi ML 6510	210	27,217	12,783	
	2-Feb	Taxi: ML 6101 to Xia-Xia	2,455	29,672	10,328	
		<b>Monthly Total</b>	<b>2,665</b>	29,672		

<b>Courage February Expense Ledger</b>	
Month & Year:	Feb
Budget Line #:	6
Name of Budget Line	Communication
Budget Line Total	15,000

Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Balance Forward from Previous Month (Zero if this is first month of budget)		10,112	4,888	
	11-Feb	Giros pay as you go 3 x 500	1,500	11,612	3,388	
	5-Feb	Moz Telcomm	1,575	13,187	1,813	
		<b>Monthly Total</b>	<b>3,075</b>	<b>13,187</b>		

**Courage February Expense Ledger**

Month & Year: Feb  
 Budget Line #: 7  
 Name of Budget Line Incentives  
 Budget Line Total 170,000

Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Balance Forward from Previous Month (Zero if this is first month of budget)		137,000	33,000	
	15-Jan	15 Activistas Incentives	16,405	153,405	16,595	
		<b>Monthly Total</b>	<b>16,405</b>	<b>153,405</b>		

**Courage February Expense Ledger**

Month & Year: Feb  
 Budget Line #: 8  
 Name of Budget Line Office Supplies  
 Budget Line Total 10,000

Receipt #	Date	Description	Amount	Running Total	Running Balance	Recon
		Balance Forward from Previous Month (Zero if this is first month of budget)		7,197	2,803	
	16-Feb	Papelaria	710	7,907	2,093	
		<b>Monthly Total</b>	<b>710</b>	<b>7,907</b>		

## Chapter 6 Financial Reporting

4:00

Session 6.1: Why provide financial reports?	60 min
Session 6.2: May financial report example	60 min
Session 6.3: June financial report	90 min
Session 6.4: End of Chapter 17 Review	30 min
Acknowledgements .....	6
Session 1.1 .....	11
Introduction .....	11
Step Two: Discuss the impact on the training when norms are not followed.....	13
Note: occasionally there is a group that wants to be able to answer their cell phones during the training. This is very disruptive and should be discouraged by the trainer. As the trainer, you can dictate that cell phones must be on silent and answered only on breaks.....	13
Session 1.2.....	14
Expectations .....	14
Session 1.3.....	17
Three ways to give feedback.....	17
Session 1.4.....	20
Participants review the contents of their 'kits' .....	20
Session 1.5: Guardian Angels.....	22
Session 1.6.....	23
End of Chapter 1 Review .....	23
Session 2.1 .....	26
Review of Principles of Financial Management .....	26
Session 2.2.....	29
Review of Elements.....	29
Session 2.3.....	35
Review of Segregation of Duties.....	35
Session 2.4.....	37
Cash Advance Review.....	37
Session 2.5.....	40
Reviewing the ledgers (cash, bank, income and expense) .....	40
Session 2.6.....	45
Review of Correcting Mistakes .....	45
Session 3.7.....	47
End of Chapter 2 Review .....	47
Session 3.1.....	53
Ticking Session: Or why we need to tick when we.....	53
Session 3.2.....	60
Cash Monitoring Register.....	60
Session 3.3.....	65
April Cash Reconciliation: Comparing physical cash and cash book.....	65
Session 3.4:.....	71
Comparing Receipts with Entries in the Cash Book and Cash Advance Reports.....	71
Session 2.5.....	78
'Show your ledger' game .....	78
Session 2.6.....	80
End of Chapter 3 Review .....	80
Session 4.1.....	86
What is a Bank Reconciliation? .....	86

Session 4.2.....	88
How to do a Bank Reconciliation.....	88
Session 4.3.....	98
When Bank Statements and Bank Books Do Not Agree.....	98
Six Reasons Why the Bank Statement and Bank Book May Not Agree.....	99
Session 4.4.....	105
April Bank Reconciliation.....	105
Session 4.5.....	112
End of Chapter 4 Review.....	112
Chapter 15 Annex 1: Extra Practice Exercise.....	115
Session 5.1.....	121
Introducing a Trial Balance.....	121
Session 5.2.....	128
May Trial Balance.....	128
Session 5.3.....	137
Why is a Trial Balance Important?.....	137
Session 5.4.....	150
June Trial Balance: Finding and Correcting Errors.....	150
Session 5.5.....	155
End of Chapter 5 Review.....	155
Annex 1: Extra Trial Balance Exercise 1.....	157
Annex 2: Extra Trial Balance Exercise 2.....	166
Session 6.1.....	179
Why Provide Financial Reports?.....	179
Session 6.2.....	183
May Financial Report Example.....	183
Session 6.3.....	192
June Financial Report.....	192
Session 6.4.....	202
End of Chapter 6 Review.....	202
Session 7.1.....	207
Following the rules in a donor contract.....	207
Session 7.2.....	214
Managing Finances with Multiple Donors.....	214
Session 7.3.....	218
July: Two Donor Simulation.....	218
Session 7.4.....	242
End of Chapter 7 Review.....	242
Session 8.1.....	248
Situations that Challenge Financial Integrity.....	248
Session 8.4.....	255
Final Questions.....	255
Session 8.5.....	257
Developing a Training Plan.....	257
Evaluation of Training.....	258

## Session 6.1

### Why Provide Financial Reports?

LEARNING OBJECTIVES	
<b>By the end of this session, participants will:</b>	
→	Understand that financial reports help organizations to be transparent and accountable.
→	Understand that timely and accurate financial reporting has a significant impact on the reputation of the organization.

Learning Time	Facilitator's Materials
60 minutes	<p><u>Participant Materials</u></p> <p>Case Study 1: Your cousin borrows money Case Study 2: CBO Happy People</p> <p><u>Flip Chart</u>: None</p> <p>Blank Flip Chart Paper</p>

SESSION OVERVIEW	
<b>Activity 1</b>	Participants read and discuss two case studies. Questions to guide the discussion follow each case study.
<b>Activity 2</b>	Participants discuss the reasons for writing and submitting financial reports, who should see these reports, and how often they should be done.

#### Key Ideas

- Financial reports are a management tool: they help ensure accountability, transparency, and clarity.
- Basic financial reports must be done on a monthly basis.
- Submitting reports on time is critical. Late reports demonstrate lack of financial control, diminishing confidence that the organization is capable.
- If you find a mistake in a financial report, **never** hide it. Correct it immediately and immediately send the corrected report to all of the people who normally receive it

#### Activity 1: Case Study Discussions

### **Step 1: Introduce Activity.**

I will divide you into two equal groups. Each group will be given a case study to read about. At the end of each case study there are a few questions to help you discuss it. Each group will take blank flip chart paper and write your answers to the questions. You will then present the case study and your responses to the whole group. You have 20 minutes to discuss your cases.

**Step 2: Groups read and discuss case studies, and record their conclusions on flip chart paper.** Make sure that the groups are writing their conclusions to the questions on flip chart paper. Help them keep track of time. Make sure that they have selected someone to present their conclusions.

#### **Case Study 1: Your cousin borrows money**

Your cousin comes to you with a business idea. He wants to purchase beans from farms and sell them in Maputo. He wants to borrow Mt. 25,000; he says that he will pay you back after 3 months. You agree to help him. At the end of three months you have not heard anything from him. You contact him and he apologizes. He has been busy, but he has almost recovered all of the money and he will definitely be able to pay you by the end of the month. The end of the month passes and you have still not heard from him. Again, you contact him and he tells you he had a slight problem with his vehicle, an unforeseen expense, it will take him two more weeks to pay you back. You ask him if can pay back part of it and he says not to worry, he will pay all of it back in two weeks.

- 1) Are you happy? Why or why not?
- 2) What should you have done differently?
- 3) What should your relative have done differently?
- 4) How does this relate to the way an organization deals with its money?

#### **Case Study 2: CBO Happy People:**

CNCS has agreed to give the CBO, Happy People, and Mt. 50,000 for a three month period. Everyone is very excited. At the end of the first month activities are happening, the office is running, people are meeting. At the end of the third month, there is a workshop planned on home-based care for people living with HIV/AIDS. It is a major event and all of the members of Happy People have been invited. Two days before the event, there is a problem, the bookkeeper tells the manager that the Happy People has no more money.

- 1) Are you happy? Why or why not?
- 2) How would you feel about this organization if you were the donor?
- 3) How would you feel if you were the manager?
- 4) Who do you think is responsible?
- 5) What should have been done to avoid this situation?

**Step 3: Groups present their case study and conclusions.**

### **Activity 2: Why Provide Financial Reports – Question and Answer**

**Step 1: Facilitate a question and answer session.** Record responses on blank flip chart paper

Pose the questions in the discussion guide and record their responses. If they leave out a point fill it. If they do not identify something important or do not agree with it, make sure you give them enough time to understand the issue. If they still do not understand, note it down and see if you can address it after the session.

## **Discussion Guide**

### **1) How many of you have written a financial report?**

*Record the number of people/organizations.*

### **2) Why do organizations write financial reports?** Make sure that the following points are made, if participants do not raise them.

a) *Financial Reports are a management tool. They help the organization to know:*

i) *How much money it has on-hand.*

ii) *How much money it needs to have on-hand to accomplish its immediate activities.*

iii) *How much more money it can expect.*

iv) *How much it has spent and for what purpose.*

v) *How much more it can spend and for what purpose.*

b) *Financial Reports are a monitoring tool for its leadership and for the donors. By providing financial reports, the leadership and the donors can assess if the management is using the money in accordance with agreed plans and contracts.*

c) *By providing timely reports, organizations are able to demonstrate transparency and accountability. This helps to ensure that money will be used for the purposes that it is meant to serve.*

### **3) How often should financial reports be submitted?**

*Basic financial reports should be done on a monthly basis. By basic, we mean a statement about cash on-hand, in the bank, and in cash advances, and a budget report that compares the budget and the amount expended to date.*

### **4) Is it really necessary to do this every month?**

*Yes, it is critical. By writing a monthly report, organizations ensure that they are keeping track of their money.*

a) *This reduces the chances of misuse or theft.*

b) *It ensures they have enough money to do what they need to do.*

c) *It ensures that they are spending their money in accordance with agreed contracts.*

### **5) What if our donor contracts only tell us that we have to submit reports every two months or every three months? Why should we do it more often?**

*Financial reports are done for yourselves first and foremost. You need to know the status of how you are using your money so that you can manage yourselves. The donor is only trying to monitor the money. If you make a mistake in the way that you manage your money you will not achieve your objectives and you will probably lose opportunities for future funding. The donor may lose you, but they will find someone else.*

### **6) What happens if we submit reports late?**

*Donors do not appreciate late reports, especially late financial reports. You might be doing wonderful work in your communities, but if your reports are late, donors will think that you are not responsible or reliable. It indicates to your donors, to your executive committee, to your members, and to the people working in the organization that you are not keeping up to date records. This means that you are not tracking the use of your money properly.*

**! This is likely to adversely affect your opportunities to get future funding. Submit your reports on time.**

**7) What happens if you overspend?**

*You should never overspend in a budget line without informing your donor and getting written agreement that it is acceptable **before** you overspend. If, however, you have made a mistake, you **must** report this. Failure to report it immediately is likely to result in serious consequences, even termination of an agreement.*

**8) What happens if you submit inaccurate reports?**

*Sometimes mistakes happen. If you notice a mistake in a report, tell your donors immediately. Inaccurate reports are a reflection on your capacity.*

**! Poor, inaccurate reports are likely to adversely affect future funding.**

## Session 6.2

### May Financial Report Example

LEARNING OBJECTIVES	
<b>By the end of this session, participants will:</b>	
→	Understand how to make a financial report.

Learning Time	Facilitator's Materials
60 minutes	<p><b><u>Preparation</u></b></p> <ul style="list-style-type: none"> <li>• Fill in a blank trial balance flip chart with the April information</li> <li>• Make sure the completed flip charts of the May cash book, bank book, income and expense ledgers from session 17.2 are still readable. If they are messy or some parts got erased, fix them so they are readable.</li> </ul> <p><b><u>Flip Chart</u></b>            Feliz May Financial Report            Feliz May Accounts, completed in session 17.2 (bank book, cash book, income ledger, expense ledger)            Blank Trial Balance (with April's information written in)</p> <p><b><u>Participant Materials</u></b>            Feliz May Accounts (cash book, bank book, income/expense ledgers)            Feliz April Trial Balance            Guide for filling out the financial report            Feliz May Financial Report</p>

SESSION OVERVIEW
In this session participants will look at the Feliz May financial report and learn how it was developed.

#### Key Ideas

- All of the information to make a financial report is contained in your accounts.
- Always double check your figures before you sent a report to anyone.
- Use your report to reflect on how you are using the funds. Are you using your funds prudently, so that you have enough to complete all of the planned activities?
- Always be forthcoming and honest about problems, even if you don't know how it will be solved. A good donor will help you.
- Always be honest. If you find a mistake, fix it and report the problem and the correction immediately.

#### Activity 1: How to Make a Financial Report

**Step 1:** Put up the flip charts of the Feliz May Accounts (cash book, bank book, income/expense ledgers), the April trial balance AND the Feliz May Financial Report

**Step 2:** Ask participants to organize themselves into pairs.

**Step 3:** Participants locate their May accounts (Bank book, cash book, income/expense ledger) and their April Trial Balance AND their “Guide to filling out the financial reports”

**Step 4:** Facilitator leads participants through each step of the Financial Report, demonstrating with the Flip Charts of the May accounts, where all the information came from. Participants can follow along with their own May accounts.

You have already seen these accounts when we learned how to make a trial balance. These are the May accounts for Feliz. There is also a financial report that corresponds to the accounts. This report can be used as a template for your reports. Let’s read through the financial report together.

Make sure that participants locate where each piece of information in the reports came from in the accounts!

### **Discussion Guide (Guide for filling out the financial report)**

1) **Line A: What is the Title of the Report?** *Feliz Financial Report for CNCS.*

2) **Line B: What is the project period?** *January 1\_\_ – November 20\_\_*

3) **Line C: What is the current reporting period?** *1 May 20\_\_ – 31 May 20\_\_*

4) **Line D: Amount at beginning of period.**

a) **What is the amount at the beginning of the period?** *Mt. 22,884*

b) **Where will you get this information?**

*Either by adding the opening balance in the cash book, the bank book, and the outstanding cash advances or by taking the total of the trial balance from the previous month.*

5) **Line E: Amount received during period.**

a) **How much money was received during the reporting period?** *Mt. 70,000*

b) **Where can you get this information?**

*The income ledger’s monthly total.*

6) **Line F: Amount spent during period.**

a) **How much was spent during the period?** *Mt. 29,442*

b) **Where can you get this information?**

*Add up all of the monthly totals in the expense ledgers.*

Ask participants to add them up to make sure that Mt. 29,442 is correct.

7) **Line G: Amount Remaining at End of Period.** *Mt. 63,442*

a) **How much is remaining at the end of the period?**

b) **Where do you get that information?**

*Either by adding the opening balance of the cash book, the bank book, and the outstanding cash advances + income received during the month – expenses during the month or from the trial balance of the current month.*

Notice that this is the amount that should appear in the trial balance. If it is different something is wrong either with the trial balance or with this report.

**8) Trial Balance.** Include the trial balance table just below the cash on hand table. The trial balance shows the cumulative income and expense totals, while the cash on hand shows the income and expense totals for the month of the report. But, the amount remaining at the end of the period in the cash on hand table and the total cash in the trial balance must be equal. If they are not then there is a mistake.

**9) Funds Received that are not Part of CNCS Funding. Why do we have to report this?**  
*Donors have a right to know about other funds that are being received by your organization. Reporting them is being transparent and makes your organization more credible and trustworthy.*

*If your organization does receive funds from different sources, your cash on hand will be more than the income less the expenses from any one budget. The donor will see this and wonder where the money came from. **NEVER** change your figures to hide money. This is unethical. You will lose your donor funding if they discover this. If you have many donors, you risk losing all of your funding. Donors often tell each other about organizations that act unethically.*

**10) Line H: Budget (income).**

**a) What is the amount of income that is in the budget?** *Mt. 458,000*

**b) Where do you get this information?**

*It is in the donor agreement.*

In the financial report, this appears three times – once in the narrative, once in the budget table and once as the total of all the budget lines (line N).

**11) Line I: Income to Date.**

**a) How much is the total income received to date?** *Mt. 185,000*

**b) Where do you get this information?**

*It is in the trial balance and can also be found in the income ledger's total received (accumulated) column.*

In the financial report, this appears twice, once in the narrative and once in the budget table

**12) Line J: Balance (income).**

**a) How much is the balance of the income?** *Mt. 273,000*

**b) Where does this information come from?**

*It is the total budget less the amount received.*

In the financial report, this appears twice, once in the narrative and once in the budget table.

**13) Line K: Budget Amount (expenses) for each budget line.**

**a) How much is the budget amount for each of the budget line?**

**b) Where do you get this information?**

*It is in the donor contract.*

**14) Line L: Expenses to Date for each budget line.**

**a) What are the expenses to date for each budget line?**

- b) **Where do you get this information?**  
*It is in the expense ledgers under total spent for each budget line.*

**15) Line M: Balance (expenses) for each budget line.**

- a) **How much is the balance for each budget line?**  
b) **Where do you get this information?**  
*It is the budget minus the amount spent.*

**16) Line N: Total Budget Amount (expenses).**

- a) **How much is the total budget?** *Mt. 458,000*  
b) **Where do you get this information?**  
*It is the total of all the budget lines.*

This amount must equal the total budget in Line H.

**17) Line O: Total Expenses to date.**

- a) **How much are the total expenses to date?** *Mt. 121,558*  
b) **Where do you get this information?**  
*It is the total of all the expense to date for each budget line. Ask participants to add them up to make sure they are correct.*

This figure appears twice in the report, once in the narrative and once in the table.

**18) Line P: the total balance of expenses.**

- a) **How much is the total balance of the expenses?** *Mt. 336,442*  
b) **What does this number represent?**  
*It is the total amount that is remaining to be spent in the budget.*  
c) **Where do you get this information?**  
*It is the total expense budget minus the amount spent to date (line N minus line O) or it is the sum of all the balance amounts for each budget line.*

This appears twice in the report, once in the narrative and once in the table.

The amount remaining to be spent (Line P) must equal the amount of money remaining (Line G) plus the balance of income to be received (Line J)

**19) Line Q: when the project ends.**

- a) **When does the project end?** 30 November20\_\_  
b) **Where can you find this information?**  
*In the donor contract.*

**20) Line R: months remaining in the contract.**

It is useful to look at this time, the activities remaining, and the amount of money remaining to estimate if there is enough time and money to complete the project as planned. This is the place to report that there will or will not be financial problems to complete the project as planned.

**21) Under-expenditures.**

- a) **What are under expenditures?**  
*These are line items that are under spent. Under spent means that the CBO may not spend the entire amount that was planned in the budget. If there are line items like this, it is*

*important to report them and it is important to request if these funds can be shifted to another budget line, if so desired.*

*Mentioning this in a report does not constitute a formal request. A formal request must come as a separate letter to the donor.*

**b) What do you think of Feliz’s intention to make a request to change the budget? Does it make sense? Why or why not?**

**22) Over expenditures. What are over expenditures?**

*Over expenditures are line items that the CBO will spend more on than is in the budget. This is not allowed so it should not happen unless the CBO has received written permission in advance.*

**23) Conclusion. What should be said in the conclusion?**

*Make a brief statement confirming that all of the funds are expected to be used and all of the activities completed, if you think this will happen. If you see a problem, use this area of the report to tell the donor about it.*

*It is important to be forthcoming and honest about your problems!*

*It is always better for people to hear about a problem from you in advance, than to learn about it themselves.*

**24) How did we make the Budget Report Table?**

*The budget is in your contract with your donor. The expenses to date are in the expense ledgers under total spent. The balance is math (budget – expenses to date).*

**Feliz May Financial Report**

**(A) Feliz Financial Report for CNCS**

**(B) Project Period:** January 20\_\_ - November 20\_\_

**(C) Current Reporting Period:** 1 May 20\_\_ - 31 May 20\_\_

**Cash on Hand**

<b>(D) Amount of money on hand at beginning of this month</b>	22,884
<b>(E) Amount received this month</b>	70,000
<b>(F) Amount spent this month</b>	29,442
<b>(G) Amount of money at end of this month</b>	63,442

**Trial Balance Ending 31 May**

Ending Cash Book Balance	12,577	Income	185,000
Ending Bank Book Balance	47,365	Expenses	121,558
Outstanding Cash Advances	3,500		
Total	63,442	Income – expenses =	63,442

**Funds Received that are not Part of CNCS Funding**

Feliz has no other sources of funding besides the CNCS.

**CNCS Budget: Income and Expenses to date**

*Strengthening Leading Mozambican NGOs and Networks II  
Financial Management for CBOs—Intermediate Level*

The Budget Report below compares Feliz’s CNCS budget with the actual expenses at the end of this reporting period. The budget report shows that Feliz expects to receive (H) Mt. 458,000 from CNCS, as stated in its contract. It has received (I) Mt. 185,000 from CNCS. It expects to receive an additional (J) Mt. 273,000 from CNCS. Feliz has spent a total of (O) Mt. 121,558; (P) Mt. 336,442 remains to be spent in the budget.

**Budget Report: 1 January to 31 May, 20**

<b>Income</b>				
	<b>Donor</b>	<b>Budget</b>	<b>Income to Date</b>	<b>Balance</b>
	CNCS	(H) 458,000	(I) 185,000	(J) 273,000
<b>Expenses</b>				
<b>No.</b>	<b>Line Item</b>	<b>(K) Budget Amount</b>	<b>(L) Expenses to Date</b>	<b>(M) Balance</b>
1	Bank Fees	4,000	2,596	1,404
2	Rent	25,000	8,650	16,350
3	Utilities	8,000	2,855	5,145
4	Office Equipment	51,000	6,942	44,058
5	Workshops	142,000	25,675	116,325
6	Transportation	60,000	3,696	56,304
7	Communication	6,000	4,094	1,906
8	Incentives	150,000	65,850	84,150
9	Office Supplies	12,000	1,200	10,800
	<b>Total</b>	<b>(N) 458,000</b>	<b>(O) 121,558</b>	<b>(P) 336,442</b>

The project period ends on (Q) 30 November 20. The project therefore has (R) six more months before it will end.

**Under Expenditures**

There is currently Mt. 56,304 remaining in Transportation budget line. Already, we can see that we will not spend all of this by the end of the project period. We will submit a request to CNCS to use part of this money for Communication, Incentives, and Bank Fees.

**Over Expenditures**

Feliz does not project that there will be any over-expenditures. The amount already spent on rent is slightly high because we have paid for one month in advance. Our only concern, which is partly beyond our control, is bank fees. We hope that our request to use part of the unspent funds from transportation on this category will be accepted. We also hope that these funds can be used for the incentives. We have more two more activists than originally planned. If our request is rejected we will reduce the number of activists.

**Conclusion**

Feliz projects that the balance in the budget will be completely spent by the end of the project. Our financial situation will allow us to complete our anticipated activities as planned.

**Trial Balance: April20**

Ending Cash Book Balance	369	Income	115,000
Ending Bank Book	17,515	Expenses	92,116

Balance			
Outstanding Cash Advances	5,000		
Total	22,884	Income–expenses=	22,884

### Cash Book

Ref	Date	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
			Opening balance				369	
26	1-May	Miguel Santos	Cash Advance #4 Change	208			577	
27	16-May	Bank	Transfer	30,000			30,577	
28	18-May	Miguel Santos	Cash Advance #5			3,500	27,077	
29	19-May	Activistas	Incentives		14,500	14,500	12,577	
			<b>Ending Balance</b>				<b>12,577</b>	
			<b>Total</b>	<b>30,208</b>	<b>14,500</b>	<b>18,000</b>		

### Bank Book

Date	Check No./Other	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
1-May			<b>Opening Balance</b>				<b>17,515</b>	
2-May		CNCS	Funding	70,000			87,515	
14-May	21	ANEMO	Workshop Facilitator		9,500	9,500	78,015	
16-May	22	Cash	Transfer			30,000	48,015	
28-May	23	Palmira	Office Rent		650	650	47,365	
<b>30-May</b>			<b>Closing Balance</b>				<b>47,365</b>	
			<b>Total</b>	<b>70,000</b>	<b>10,150</b>	<b>40,150</b>		

### Income Ledgers

<b>Budget Name</b>	CNCS	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	1	<b>Budget Amount</b>	458,000

RCT #	Date	Description	Amount	Total Received	Running Balance	Recon
		Opening Balance		<b>115,000</b>	343,000	
	2-May	Funding Tranche # 5	70,000	185,000	273,000	
		<b>Totals</b>	<b>70,000</b>	<b>185,000</b>		

### Expense Ledgers

<b>Budget Name</b>	Communication	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	1	<b>Budget Amount</b>	6,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
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		Opening Balance		4,094	1,906	
		<b>Totals</b>	<b>0</b>	<b>4,094</b>		

<b>Budget Name</b>	Rent	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	2	<b>Budget Amount</b>	25,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		8,000	17,000	
	28-May	Palmira June Rent	650	8,650	16,350	
		<b>Totals</b>	<b>650</b>	<b>8,650</b>		

<b>Budget Name</b>	Transportation	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	3	<b>Budget Amount</b>	60,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		3,696	56,304	
		<b>Totals</b>	<b>0</b>	<b>3,696</b>		

<b>Budget Name</b>	Incentives	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	4	<b>Budget Amount</b>	150,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		51,350	98,650	
	17-May	22 Activists	14,500	65,850	84,150	
		<b>Totals</b>	<b>14,500</b>	<b>65,850</b>		

<b>Budget Name</b>	Bank Fees	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	5	<b>Budget Amount</b>	4,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		2,596	1,404	
		<b>Totals</b>	<b>0</b>	<b>2,596</b>		

<b>Budget Name</b>	Utilities	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	6	<b>Budget Amount</b>	8,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		2,855	5,145	
		<b>Totals</b>	<b>0</b>	<b>2,855</b>		

<b>Budget Name</b>	Office Equipment	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	7	<b>Budget Amount</b>	51,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		2,150	48,850	
	1-May	Supreme Furniture: Table	4,792	6,942	44,058	
		<b>Totals</b>	<b>4,792</b>	<b>6,942</b>		

<b>Budget Name</b>	Office Supplies	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	8	<b>Budget Amount</b>	12,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		1,200	10,800	
		<b>Totals</b>	<b>0</b>	<b>1,200</b>		

<b>Budget Name</b>	Workshops	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	9	<b>Budget Amount</b>	142,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		16,175	125,825	
	14-May	ANEMO Workshop facilitator	9,500	25,675	116,325	
		<b>Totals</b>	<b>9,500</b>	<b>25,675</b>		

## Session 6.3

### June Financial Report

<b>LEARNING OBJECTIVES</b>	
<b>By the end of this session, participants will:</b>	
→	<ul style="list-style-type: none"> <li>Be capable of writing basic financial reports, including cash balances and budget reports which will satisfy basic donor requirements.</li> </ul>

Learning Time	Facilitator's Materials
90 minutes	<p><b><u>Preparation</u></b></p> <ul style="list-style-type: none"> <li>Fill in a blank trial balance flip chart with the May information</li> <li>Make sure the corrected flip charts of the June cash book, bank book, income and expense ledgers from session 17.4 are still readable. If they are messy or some parts got erased, fix them so they are readable.</li> </ul> <p><b><u>Flip Chart</u></b>            Feliz June Accounts, completed in session 17.4 (bank book, cash book, income ledger, expense ledger)            Blank Trial Balance (with May's information written in)            4 Blank Financial Reports</p> <p><b><u>Participant Materials</u></b>            Feliz June Accounts (cash book, bank book, income/expense ledgers)            Feliz May Trial Balance.</p>

<b>SESSION OVERVIEW</b>
Participants work in groups to make a financial report using the format presented in Session 17.2 above as a template.

#### **Key Ideas**

- All of the information to make a financial report is contained in your accounts.
- Always double check your figures before you sent a report to anyone.
- Use your report to reflect on how you are using the funds. Are you using your funds prudently, so that you have enough to complete all of the planned activities?
- Always be forthcoming and honest about problems, even if you don't know how it will be solved. A good donor will help you.
- Always be honest. If you find a mistake, fix it and report the problem and the correction immediately.

#### **Activity 1: Writing a Financial Report**

##### **Step 1: Divide participants into 4 groups.**

**Step 2: Give each group a blank financial report flip chart**

**Step 3:** Participants locate their June accounts, blank financial report and May Trial Balance.

**Step 4: Explain the activity:**

- You have your June accounts
- You already saw these accounts when we learned how to make a trial balance.
- Use this information to write a financial report on the flip chart financial reports.
- You have 45 minutes.
- You must use “THE Financial Report Guide”. Follow it carefully!

**Step 5:** Each groups posts their completed financial report on the wall.

Compare the completed financial reports. If there are differences, have the groups discuss them, and decide upon which figures are correct.

**Step 5: Participants read and discuss the “Feliz Financial Report for CNCS: 1 June to 30 June20\_\_.**

**Step 6: Discuss the sections “under expenditures,” “over expenditures,” and “conclusions.”**

**Discussion Guide**

- 1) Feliz estimates that they will only spend Mt. 25,000 in transportation. Does this seem correct to you? Why or why not?
- 2) Do you think that asking CNCS to change the budget is a good idea? Why or why not?
- 3) Why did they tell CNCS that they had not yet purchased most of the office equipment, but that they planned to do so the next month?
- 4) What do you think about their solution to cover the bank fees if CNCS rejects their request to change the budget?
- 5) Overall, do you think the sections “under expenditures,” “over expenditures,” and “conclusions” are well written? Why or why not?

## Financial Report

**Report Title:**

**Project Period:**

**Current Reporting Period:**

### **Cash on Hand**

<b>Amount of money on hand at beginning of this month</b>	
<b>Amount Received this month</b>	
<b>Amount Spent this month</b>	
<b>Amount of money on hand at end of the at end of this month</b>	

### **Trial Balance Ending**

Ending Cash Book Balance		Income	
Ending Bank Book Balance		Expenses	
Outstanding Cash Advances			
Total		Income – expenses =	

### **Funds received that are not part of the CNCS funding**

#### **Total Budget and Total Expenses to Date**

The Budget Report below compares Feliz's CNCS budget with the actual expenses at the end of this reporting period. The budget report shows that Feliz expects to receive Mt. \_\_\_\_\_ From CNCS as stated in its contract. It has received Mt. \_\_\_\_\_ from CNCS. It expects to receive an additional Mt. \_\_\_\_\_ from CNCS. Feliz has spent a total of Mt. \_\_\_\_\_; Mt. \_\_\_\_\_ remains to be spent in the budget.

#### **Budget Report:**

<b>Income</b>						
	<b>Donor</b>	<b>Budget (a)</b>	<b>Total Income to Date through (Month) (b)</b>	<b>Current Month Income (c)</b>	<b>Total Income to Date (d) = (b) + (c)</b>	<b>Balance (e) = (a) – (d)</b>
<b>Expenses</b>						
<b>No.</b>	<b>Line Item</b>	<b>Budget Amount (a)</b>	<b>Total Expenses to Date through (Month) (b)</b>	<b>Current Month Expenses (c)</b>	<b>Total Expenses to Date (d) = (b) + (c)</b>	<b>Balance (e) = (a) – (d)</b>
1						
2						
3						
	<b>Total</b>					

### Financial Report

The project period ends on \_\_\_\_\_. The project therefore has \_\_\_\_\_ more months before it will end.

#### Under Expenditures

#### Over Expenditures

#### Conclusion

#### **Trial Balance: May**

Ending Cash Book Balance	12,577	Income	185,000
Ending Bank Book Balance	47,365	Expenses	121,558
Outstanding Cash Advances	3,500		
<b>Total</b>	<b>63,442</b>	<b>Income – expenses</b>	<b>63,442</b>

#### **Cash Book: June**

Ref	Date	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
			<b>Balance Forward</b>				<b>12,577</b>	
30	2-Jun	Ophelia's Stationery	Office Materials		2,453	2,453	10,124	
31	3-Jun	Miguel Santos	Cash Advance #5 Change	27			10,151	
32	9-Jun	Bank	Transfer	7,000			17,151	
33	10-Jun	Papelaria Rex	Office Materials		954	954	16,197	
34	10-Jun	ML 7607	Taxi Rental Boane to Xai-Xai		3,580	3,580	12,605	
35	12-Jun	Bank	Transfer	20,000			32,605	
36	13-Jun	Julio Huentes	Cash Advance #6			3,500	29,105	
37	14-Jun	Julio Huentes	Cash Advance No. 6 change	107			29,212	
38	18-Jun	Antonia Zanada	Cash Advance No. 7			4,500	24,712	
39	27-Jun	30 Activistas	Incentives		15,000	15,000	9,712	
40	28-Jun	Julio Huentes	Cash Advance #8			3,500	6,212	
	<b>30-Jun</b>		<b>Ending Balance</b>				<b>6,212</b>	
34	30-Jun	10 June, ML7607	Math Error	12			6,224	
30	30-Jun	2 June, Ophelia's	Reversal	2,453	-2,453		8,677	
30	30-Jun	2 June, Ophelia's	Re-entry, Office Materials		2,543	2,543	6,134	
			<b>Ending balance</b>				<b>6,134</b>	
			<b>Total</b>	<b>29,599</b>	<b>22,077</b>	<b>36,030</b>		

### Bank Book: June

Date	Check No./Other	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
			Balance Forward				<b>47,365</b>	
9-Jun	29	Cash	Transfer to cash			7,000	40,365	
12-Jun	30	Cash	Transfer to cash			20,000	20,365	
15-Jun		CNCS	Funding	22,500			42,865	
15-Jun		BIM	Wire Transfer Fee		250	250	42,615	
21-Jun	31	EDM	June Bill		1,070	1,070	41,545	
21-Jun	32	TDM	June Bill		351	351	41,194	
22-Jun	33	Miguel's Hotel	Accommodation for Participants		8,750	8,750	32,444	
22-Jun	34	Clara's Catering	Food for Workshop		4,050	4,050	28,394	
30-Jun		BIM	Bank Charges		200	200	28,194	
30-Jun	35	Palmira	August Office Rent		2,000	2,000	26,194	
30-Jun			<b>Ending Balance</b>				<b>26,194</b>	
			<b>Total</b>	<b>22,500</b>	<b>16,671</b>	<b>43,671</b>		

### Income Ledgers

<b>Budget Name</b>	CNCS	<b>Month &amp; Year</b>	June
<b>Budget Line #</b>	1	<b>Budget Amount</b>	458,000

RCT #	Date	Description	Amount	Total Received	Running Balance	Rec
		Opening Balance		<b>185,000</b>	273,000	
	15-Jun	Funding tranche # 6	22,500	207,500	250,500	
		<b>Totals</b>	<b>22,500</b>	<b>207,500</b>		

### Expense Ledgers

<b>Budget Name</b>	Communication	<b>Month &amp; Year</b>	June
<b>Budget Line #</b>	1	<b>Budget Amount</b>	6,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Rec
		Opening Balance		<b>4,094</b>	1,906	
	21-Jun	TDM May Telephone Bill	315	4,409	1,591	
	30-Jun	21 Jun, TDM, reversal	-315	4,094	1,906	
	30-Jun	Re-entry TDM	351	4,445	1,555	
		<b>Totals</b>	<b>351</b>	<b>4,445</b>		

<b>Budget Name</b>	Rent	<b>Month &amp; Year</b>	June
<b>Budget Line #</b>	2	<b>Budget Amount</b>	25,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Rec
		Opening Balance		<b>8,650</b>	16,350	
	30-Jun	Palmira July Rent	2,000	10,650	14,350	
		<b>Totals</b>	<b>2,000</b>	<b>10,650</b>		

<b>Budget Name</b>	Transportation	<b>Month &amp; Year</b>	June
<b>Budget Line #</b>	3	<b>Budget Amount</b>	60,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Rec
		Opening Balance		<b>3,696</b>	56,304	
	2-Jun	ML6101 5 People to Xai-Xai	2,455	6,151	53,849	
	10-Jun	ML7607 Taxi Rental Boane to Xai-Xai	3,580	9,731	50,269	
		<b>Totals</b>	<b>6,035</b>	<b>9,731</b>		

<b>Budget Name</b>	Incentives	<b>Month &amp; Year</b>	June
<b>Budget Line #</b>	4	<b>Budget Amount</b>	150,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Recon
		Opening Balance		<b>65,850</b>	84,150	
	27-Jun	30 Activists	15,000	80,850	69,150	
		<b>Totals</b>	<b>15,000</b>	<b>80,850</b>		

<b>Budget Name</b>	Bank Fees	<b>Month &amp; Year</b>	June
<b>Budget Line #</b>	5	<b>Budget Amount</b>	4,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Rec
		Opening Balance		<b>2,596</b>	1,404	
	15-Jun	Wire Transfer	250	2,846	1,154	
	30-Jun	Standard Bank	200	3,046	954	
		<b>Totals</b>	<b>450</b>	<b>3,046</b>		

<b>Budget Name</b>	Utilities	<b>Month &amp; Year</b>	June
<b>Budget Line #</b>	6	<b>Budget Amount</b>	8,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Rec
		Opening Balance		2,855	5,145	
	21-Jun	EDM May Electric Bill	1,070	3,925	4,075	
		<b>Totals</b>	<b>1,070</b>	<b>3,925</b>		

<b>Budget Name</b>	Office Equipment	<b>Month &amp; Year</b>	June
<b>Budget Line #</b>	7	<b>Budget Amount</b>	51,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Rec
		Opening Balance		6,942	44,058	
		<b>Totals</b>	<b>0</b>	<b>6,942</b>		

<b>Budget Name</b>	Office Supplies	<b>Month &amp; Year</b>	June
<b>Budget Line #</b>	8	<b>Budget Amount</b>	12,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Rec
		Opening Balance		1,200	10,800	
	2-Jun	Ophelia's, Office Materials	2,543	3,743	8,257	
	10-Jun	Papelaria Rex, Office Materials	954	4,697	7,303	
	13-Jun	Papelaria Rex, Stationery	3,393	8,090	7,910	
		<b>Totals</b>	<b>6,890</b>	<b>8,090</b>		

<b>Budget Name</b>	Workshops	<b>Month &amp; Year</b>	June
<b>Budget Line #</b>	9	<b>Budget Amount</b>	142,000

RCT #	Date	Description	Amount	Running Total	Running Balance	Rec
		Opening Balance		16,175	125,825	
	2 Jun	Rental Palace, Chairs and Tables	1,018	17,193	124,807	
	22 Jun	Miguel's Hotel, Accommodation Workshop Participants	8,750	25,943	116,057	
	22 Jun	Clara's Catering	4,050	29,993	112,007	
	30-Jun	Opening Balance error		+9,500		
	30-Jun	Corrected total		39,493	72,514	
		<b>Totals</b>	<b>13,818</b>	<b>39,493</b>		

## **End of Handouts**

**Feliz Financial Report for CNCS: 1 June – 30 June, 20\_\_**

**Report Title: Feliz Financial Report for CNCS**

**Project Period: January 20\_\_ –November 20\_\_**

**Current Reporting Period: 1 June – 30 June, 20\_\_**

**Cash on Hand**

<b>Amount of money at beginning of this period</b>	63,442
<b>Amount Received during period</b>	22,500
<b>Amount Spent during period</b>	45,614
<b>Amount of money at end of the at end of period<sup>2</sup></b>	40,328

**Trial Balance: June**

Ending Cash Book Balance	6,134	Income	207,500
Ending Bank Book Balance	26,194	Expenses	167,172
Outstanding Cash Advances	8,000		
<b>Total</b>	<b>40,328</b>	<b>Income – expenses =</b>	<b>40,328</b>

**Funds received that are not part of the CNCS funding**

Feliz currently has no other income source aside from CNCS.

**Total Budget and Total Expenses to Date**

The Budget Report below compares Feliz’s CNCS budget with the actual expenses at the end of this reporting period. The budget report shows that Feliz expects to receive Mt. 458,000 from CNCS as stated in its contract. It has received Mt. 207,500 from CNCS. It expects to receive an additional Mt. 250,500 from CNCS. Feliz has spent a total of Mt. 167,172; Mt. 290,828 remains to be spent in the budget.

**Budget Report: 1 January to 30 June, 20\_\_**

<b>Income</b>				
	<b>Donor</b>	<b>Budget</b>	<b>Income to Date</b>	<b>Balance</b>
	CNCS	<b>458,000</b>	<b>207,500</b>	<b>250,500</b>
<b>Expenses</b>				
<b>No.</b>	<b>Line Item</b>	<b>Budget Amount</b>	<b>Expenses to Date</b>	<b>Balance</b>
1	Bank Fees	4,000	3,046	954
2	Rent	25,000	10,650	14,350
3	Utilities	8,000	3,925	4,075
4	Office Equipment	51,000	6,942	44,058
5	Workshops	142,000	39,493	102,507
6	Transportation	60,000	9,731	50,269
7	Communication	6,000	4,445	1,555
8	Incentives	150,000	80,850	69,150

<sup>2</sup> Note that this is the same amount as the June Trial Balance Total.

9	Office Supplies	12,000	8,090	3,910
	<b>Total</b>	<b>458,000</b>	<b>167,172</b>	<b>290,828</b>

The project period ends on November 30, 20\_\_. The project therefore has five more months before it will end.

### **Under Expenditures**

We estimate that we will only spend about Mt. 25,000 in transportation by the end of this project. This will leave an excess of Mt. 35,000. We have applied to CNCS to transfer Mt. 32,000 to incentives and Mt. 3,000 to bank fees. We are awaiting a reply.

Most of the office equipment that has been planned has not been purchased. We plan on purchasing all of our office equipment next month.

### **Over Expenditures**

At the current rate of expenditures we will overspend the incentives budget line by Mt. 32,000 and overspend the bank fees budget lines by Mt. 3,000. If our request to CNCS is granted we will be able to continue spending at the current rate and we will reach more People Living with HIV/AIDS than estimated in our project agreement with CNCS. If CNCS rejects our request, we will ask four activists to discontinue their work. This means that we will not be able to support as many People Living with HIV/AIDS as we would like; but we will still reach the target that is in our project agreement with CNCS.

There is little that we can do about the bank fees. We did not budget enough for this expense because we were not experienced with banks. If CNCS rejects our request, we will have to ask the members to contribute to cover this.

### **Conclusion**

We are confident that we will have the resources to complete all of our activities and achieve our goals as expressed in our project agreement with CNCS.

## Session 6.4

### End of Chapter 6 Review

LEARNING OBJECTIVES	
<b>By the end of this session, participants will:</b>	
→	have reviewed the main ideas of the chapter.

Learning Time	Facilitator's Materials
30 minutes	<b>Preparation:</b> none <b>Materials:</b> Handouts: End of chapter 17 review Flip Chart: End of chapter 17 review

SESSION OVERVIEW	
<b>Activity One:</b>	Participants complete their 'end of chapter review' handout.
<b>Activity Two:</b>	Facilitator goes over the correct answers with the participants.

#### **Introduction: Facilitator explains the activity**

Find your handout 'end of chapter 6 review'

You have 15 minutes to complete it

After 15 minutes we will review your answers

#### **Activity One: Participants fill in their end of chapter review handout**

#### **Activity Two: Facilitator reviews the answers with the participants**

Step One: post the end of chapter 5 review flip chart on the wall

Step Two: Call volunteers up the front to fill in the correct answers

Discuss the correct answers and the incorrect answers.

Make sure to participants understand why a statement is false, or why a multiple choice answer is correct.

## End of Chapter 6 Review: Financial Reporting

### 1. Fill in the blanks (the first letter is provide)

Financial reports are a management tool\_\_\_\_\_

Basic financial reports must be done **monthly**\_\_\_\_\_

If you make a mistake on a financial report, **never**\_\_\_\_\_ hide it, correct it immediately and send the corrected report to all the people who need it.

Financial reports must be submitted on time\_\_\_\_\_

### 2. True/ False: A financial report must contain

\_\_\_ T\_\_\_ The total project period

\_\_\_ T\_\_\_ The total budget

\_\_\_ T\_\_\_ The reporting period

\_\_\_ T\_\_\_ The amount you had at the beginning of the period

\_\_\_ T\_\_\_ The amount you received during the period

\_\_\_ T\_\_\_ The amount you spent during the project period

\_\_\_ T\_\_\_ The amount remaining at the end of the reporting period

\_\_\_ T\_\_\_ Total income to date

\_\_\_ T\_\_\_ Total expenses to date

\_\_\_ T\_\_\_ Amount remaining to be received from the donor

### 3. The amount of money you have at the end of the reporting period equals

~~a. The amount of money you had at the beginning of the reporting period plus the amount of money you received during the reporting period minus the amount of money you spent during the reporting period~~

b. The amount of money you received during the reporting period minus the amount of money you spent during the reporting period

~~c. Your cash book balance plus your bank book balance (if you have just one donor)~~

### 4. Why is it important to submit accurate financial reports on time?

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**Chapter 7: Donor Contracts and Multiple Donors****4:30**

Session 17.1: Following the rules in a donor contract	90 min	
Session 7.2: Managing finances with multiple donors	90 min	
Session 7.3: July; Two donor simulation	90 min	
Session 7.4: End of Chapter 18 Review	30 min	
Acknowledgements.....		6
Chapter 1 Introduction	2 hours	10
Session 1.1 .....		11
Introduction.....		11
Step Two: Discuss the impact on the training when norms are not followed.....		13
Note: occasionally there is a group that wants to be able to answer their cell phones during the training. This is very disruptive and should be discouraged by the trainer. As the trainer, you can dictate that cell phones must be on silent and answered only on breaks.....		13
Session 1.2 .....		14
Expectations.....		14
Session 1.3 .....		17
Three ways to give feedback.....		17
Session 1.4 .....		20
Participants review the contents of their 'kits' .....		20
Session 1.5: Guardian Angels .....		22
Session 1.6 .....		23
End of Chapter 1 Review .....		23
Chapter 2 Review of Basic Skills	5:45	25
Session 2.1 .....		26
Review of Principles of Financial Management.....		26
Session 2.2 .....		29
Review of Elements .....		29
Session 2.3 .....		35
Review of Segregation of Duties .....		35
Session 2.4 .....		37
Cash Advance Review .....		37
Session 2.5 .....		40
Reviewing the ledgers (cash, bank, income and expense).....		40
Session 2.6 .....		45
Review of Correcting Mistakes .....		45
Session 3.7 .....		47
End of Chapter 2 Review .....		47
Chapter 3: Cash Reconciliation	4 hours	50
Session 3.1 .....		53
Ticking Session: Or why we need to tick when we .....		53
Session 3.2 .....		60
Cash Monitoring Register .....		60
Session 3.3 .....		65
April Cash Reconciliation: Comparing physical cash and cash book .....		65
Session 3.4: .....		71
Comparing Receipts with Entries in the Cash Book and Cash Advance Reports .....		71
Session 2.5 .....		78
'Show your ledger' game.....		78

Session 2.6 .....	80
End of Chapter 3 Review .....	80
Chapter 4: Bank Reconciliation 2:45 .....	83
Session 4.1 .....	86
What is a Bank Reconciliation? .....	86
Session 4.2 .....	88
How to do a Bank Reconciliation .....	88
Session 4.3 .....	98
When Bank Statements and Bank Books Do Not Agree .....	98
Six Reasons Why the Bank Statement and Bank Book May Not Agree .....	99
Session 4.4 .....	105
April Bank Reconciliation .....	105
Session 4.5 .....	112
End of Chapter 4 Review .....	112
Chapter 15 Annex 1: Extra Practice Exercise .....	115
Chapter 5: Trial Balance 4:45 .....	117
Session 5.1 .....	121
Introducing a Trial Balance .....	121
Session 5.2 .....	128
May Trial Balance .....	128
Session 5.3 .....	137
Why is a Trial Balance Important? .....	137
Session 5.4 .....	150
June Trial Balance: Finding and Correcting Errors .....	150
Session 5.5 .....	155
End of Chapter 5 Review .....	155
Annex 1: Extra Trial Balance Exercise 1 .....	157
Annex 2: Extra Trial Balance Exercise 2 .....	166
Chapter 6 Financial Reporting 4:00 .....	177
Session 6.1 .....	179
Why Provide Financial Reports? .....	179
Session 6.2 .....	183
May Financial Report Example .....	183
Session 6.3 .....	192
June Financial Report .....	192
Session 6.4 .....	202
End of Chapter 6 Review .....	202
Chapter 7: Donor Contracts and Multiple Donors 4:30 .....	204
Session 7.1 .....	207
Following the rules in a donor contract .....	207
Session 7.2 .....	214
Managing Finances with Multiple Donors .....	214
Session 7.3 .....	218
July: Two Donor Simulation .....	218
Session 7.4 .....	242
End of Chapter 7 Review .....	242
Chapter 8 Training Review 4:30 .....	245
Session 8.1 .....	248
Situations that Challenge Financial Integrity .....	248

Session 8.4 .....	255
Final Questions .....	255
Session 8.5 .....	257
Developing a Training Plan .....	257
Evaluation of Training .....	258

Note to Trainers: If the CBOs in the training have not had any experience with donor funding and are only now learning how to manage their finances with a single donor, you may want to skip 18.2 and 18.3 in this Chapter.

## Session 7.1

### Following the rules in a donor contract

LEARNING OBJECTIVES	
By the end of this session, participants will:	
→	Know that they have to understand and follow donor regulations as laid out in the contract; and
→	Know the types of rules that donors may require them to follow.
→	Identify any uneasiness they feel in enforcing certain donor rules.

Learning Time	Facilitator's Materials
90 minutes	<p><b>Preparation</b></p> <p><u>Participant Materials</u></p> <ul style="list-style-type: none"> <li>• Basic Rules Found in Most Donor Agreements</li> </ul> <p><u>Flip Charts</u></p> <ul style="list-style-type: none"> <li>• Blank flip chart paper</li> <li>• Basic Rules Found in Most Donor Agreements</li> </ul>

SESSION OVERVIEW
Participants are introduced to some of the rules donors may require them to follow.
Participants' role play situations in which donors' rules are difficult to enforce.

### Key Ideas

- 1) Understand everything in a donor agreement before you sign it.
- 2) Only use donor funds for what is specified in agreements.
  - a. Use money only for purposes or activities that are in the agreement.
  - b. Only purchase what is in the budget.
  - c. Use money within the timeframe that is agreed.
  - d. Do not spend more in a budget line than is permitted.
- 3) If changes are allowed only with prior, written agreement from the donor, then do not change anything until you receive **written** permission.
- 4) If something is not allowed, do not allow it. If you have trouble saying no, find people to help you say no. If you still can't say no, then you should not be handling money.

### Introduction

**Activity 1:** Participants discuss their perceptions and experiences with donor agreements.

**Activity 2:** Basic rules that are in most donor agreements are introduced and discussed.

**Activity 3:** Participants role play how to handle common requests to use donor money in ways that are not allowed. A discussion follows to help participants learn how to handle these situations.

### **Activity 1: Participants experiences and perceptions with donor agreements**

**Step 1:** When a donor agrees to give your organization money, you usually sign an agreement or a contract. This agreement will contain rules about how you can spend their money, the financial records that you must keep, and the frequency and types of reports that you must submit.

**What do you think are some of the rules that donors require you to follow?**

**Step 2:** Write the rules on a flip chart.

**Is there anything that you are or were expected to do that you did not understand?**

**Step 3:** Add these to the flip chart. When the participants are finished, move the flip chart to the side. You will use it later in the session.

What do you think you need to know about agreements that you sign?

*Everything in it. EVERYTHING!*

What can happen if you sign an agreement, but do not understand parts of it?

*You may, inadvertently, break the rules in the agreement. This may lead to a termination of the agreement and an end to the donor's support.*

What should you do if you come across parts of an agreement that you don't understand?

*Ask the donor for clarification.*

Sometimes the language in agreements is difficult for the average person to understand, because it was written by lawyers. Emphasize this and that participants must understand their agreements before they sign them!

### **Activity 2: Introduction to some basic rules that are in most agreements.**

**Step 1:** Participants locate their handout “Basic Rules Found in Most Donor Agreements,” Facilitator posts the same flip chart on the wall.

## **Basic Rules Found in Most Donor Agreements**

- 1) Length of time of the agreement.**
- 2) How money will be disbursed.** If it is not all disbursed at the beginning of the agreement, the agreement will usually tell you:
  - a. How much will be disbursed at a time.
  - b. How often new disbursements will be given.
  - c. Types of reports or documents that need to be submitted to get new disbursements.
  - d. Documentation that needs to be given once the funds have arrived in the bank account.
- 3) How you are allowed to spend the money.**
  - a. The level of budget line flexibility. This tells you:
    - i. How much money you can move from one budget line to another, if at all.
    - ii. If you need to have prior, written approval from the donor before moving money from one budget line to another.
  - b. Do you need to have quotations before you make purchases?
  - c. Are there things you are not allowed to use the money for?
  - d. Are there things you are not allowed to purchase?
  - e. Are there amounts of money that can't be spent without prior approval from the donor?
  - f. What are the conditions for utilizing contingency funds, if they have been granted?
- 4) Accounting requirements**
  - a. Documentation required for purchases
  - b. Books and ledgers
  - c. Bank account details
  - d. Auditing
- 5) Reporting requirements.**
  - a. Frequency of reports.
  - b. Types of reports (usually narrative and financial)
  - c. Formats of reports (what they need to have in them)
- 6) What happens if money is remaining at the end of the project?**

**Step 2:** Read each line in the handout and discuss with participants. For each point ask the participants what they think this means and if they have any interesting personal experience.

### Discussion Points for Facilitators

1) **Length of time.** *This is not just when the money has to be spent, but when the project is meant to end. It means that all of the activities should be completed by the end of the agreement.*

2) **How money will be disbursed.**

**a. How much will be disbursed.**

*This will depend upon the project. CBOs have to make sure that funds for capital expenses will be available when they need them. For example, if a project is for Mt. 200,000 and Mt. 50,000 is for a motorcycle that is needed immediately, the first installment will have to include the Mt. 50,000 and funds for activities.*

**b. How often new disbursements will be given.**

*The agreement might give specific dates or it might state that disbursements will be made upon completion of activities and when funds have been utilized.*

**c. Types of reports or documents that need to be submitted to get new disbursements.**

*This may include a narrative report, a financial report for the period in which the funds were used, copies of books and ledgers, submission of receipts, and a funding request. A funding request might ask for the amount received to date (this will be in the income ledger), the amount spent to date (this will be in your expense ledgers) and the balance of donor funds remaining.*

**d. Documentation that needs to be given once the funds have arrived in the bank account.** *This might include a copy of the bank statement or a receipt from the bank that has to be requested.*

3) **How you are allowed to spend the money.**

**a. The level of budget line flexibility.** *Sometimes donors will allow organizations to move money from one budget category to another as long as the total budget is not exceeded. Usually, if they allow this they also limit the amount that can be moved (e.g., up to 10%). For example, if the budget has Mt. 40,000 in transportation, Mt. 50,000 in office supplies and Mt. 150,000 in workshops, a donor might allow an organization to shift up to Mt. 15,000 from workshops into the other two categories, if needed. If this is allowed the agreement might also state that this is only allowed with prior written approval.*

**Make sure that participants understand what “Prior, written approval,” means, and how important it is that they do not act before receiving it.**

**b. Do you need to have quotations before you make purchases?**

*Some donors, such as CNCS, require this for all purchases. Others require it only when purchases exceed a certain amount (e.g., Mt. 5,000). Ask participants why getting quotations is important. Participants should ask the donor if they always*

*have to accept the cheapest quotation. What if a quotation is cheap, but the quality is not as good? Or perhaps the service is not as good? What should the CBO do in such cases?*

- c. Are there things you are not allowed to use the money for?**  
*Most agreements will not state this explicitly. Donors assume that money may be used only for what is in the agreement.*

**So, giving loans, salary advances, or advances on incentives is not allowed.**

- d. Are there things you are not allowed to purchase?**  
*Again, most agreements will not state this explicitly. They assume that you can only purchase what is in the agreement. One area of concern, however, is if a fixed asset is in the budget such as an office building or land. In this case, the organization must have proper legal documentation showing that the land and building are in the name of the organization. Ask participants why this is important?*
- e. Are there amounts of money that can't be spent without prior approval from the donor?** *Sometimes donors want to be sure that they are informed when an organization makes a large purchase.*
- f. What are the conditions for utilizing contingency funds, if they have been granted?** *Make sure that participants understand what contingency funds are. Sometimes agreements will state that they can only be used with prior, written approval or for specific budget lines.*

#### **4) Accounting Requirements.**

- a. Documentation required for purchases.** *Some agreements specify exactly what information must be contained in a voucher/receipt. Some donors may require the CBO to send receipts, bank statements, trial balances, and copies of books and ledgers to them.*
- b. Books and ledgers.** *Some agreements specify that separate ledgers must be kept for each donor. Even if this is not in the agreement, it must be done; otherwise if the organization has more than one donor, they will not know how much money has been used for each donor. We will look at how to manage multiple donors in the next session.*
- c. Bank account details.** *Some agreements specify that the CBO must have a separate bank account for its funds and the CBO must provide the donor with information about the account upon request.*
- d. Auditing.** *An audit is an investigation of the finances made by a professional company. Some donors will specify that regular audits have to be done.*

**5) Reporting requirements.** *CBOs must be clear about what is expected of them. Sometimes, if the CBO already has other donors, there is some room for negotiation so that the CBO does not have to write different types of reports with different formats for different donors at different times. CBOs should strive for regularity and consolidation of reports so that one report can meet all of their donor's requirements.*

- a. Frequency of reports. Stress the importance of submitting reports on time!*
- b. Types of reports (usually narrative and financial)*
- c. Formats of reports (what they need to have in them).*

**6) What happens if money is remaining at the end of the project?** *Sometimes donors will allow no cost extensions for limited periods of time. No cost extension means that the donor extends the time, but does not give more money.*

Although visits to organizations may not be in the contract, organizations should ask if the donor will visit their project. If yes, how much notice will they give? What documents will they want to see? What activities will they want to visit?

### **Activity 3: Rules that are hard to follow, role-play**

#### **Step 1: List rules that participants feel are not hard to follow.**

Are there donor rules that are **not** hard to follow?

List them. Go through the list and ask what makes each one easy to follow.

#### **Step 2: List rules that participants feel are hard to follow.**

Are there donor rules that are hard to follow?

List them. Go through the list and ask why each one is hard to follow.

#### **Step 3: Role play rules that are hard to follow**

Break participants into groups of two, three or four people. Tell them that they have 5 minutes to prepare a small skit that they will present to the group.

Give group 1 the skit: A staff person requests an advance on their salary or incentive.

Give group 2 the skit: A sick client requests a loan.

Give group 3 the skit: The president asks to borrow some money for a family emergency

Give group 4 the skit: A staff member wants to purchase cell phones at his friend's shop.

Give group 5 the skit: A staff member wants to be reimbursed for items that are not in the budget.

**Trainer's note:** If there are several CBOs attending, you can give two groups the same skit.

#### **Step 4: Discuss the skits**

### Discussion Questions

1. Did you like the way that people said “no”? Why or why not?
2. How could it have been better?
  - a. Did she/he explain the rules?
  - b. Did she/he explain what could happen to her/him and what could happen to the organization if the rules were broken?
3. How did it feel to be the person saying “no”?
4. Did the person saying “no,” secretly want to say “yes”?
5. How did it feel to be the person asking for the money and hearing “no”?
6. Is this situation something that could happen in real life?
7. Will you be able to say “no” to somebody in real life?
8. Is it harder to say “no” to the president, to the sick person, or to the staff person?
9. Do you agree with the donor policy not to give loans or advances with donor money?
10. If you don’t personally agree, will you be able to enforce the rule anyway?
11. Can you get support for enforcing the rules? How?
12. What are some of the ways you can say “no” that people can accept and understand?

## Session 7.2

### Managing Finances with Multiple Donors

LEARNING OBJECTIVES	
<b>By the end of this session participants will understand that:</b>	
→	Each new donor requires a new set of income and expense ledgers.
→	Any income or expenses that occur with independent funds require a new set of income and expense ledgers.
→	Each donor requires its own budget report.
→	Organizations maintain better control over their cash if they maintain separate cash books and separate bank books for each donor.
→	A single cash safe can be used for several cash books.

Learning Time	Facilitator's Materials
60 minutes	<p><b>Preparation &amp; Materials</b></p> <p><u>Participant Materials</u></p> <ul style="list-style-type: none"> <li>• Multiple Donors: Agree – Disagree Statements</li> </ul> <p><u>Flip Charts:</u> Blank flip chart paper only</p>

SESSION OVERVIEW
Participants are given a handout with eight statements to help them think about how managing their accounts might be different if they have more than one donor. In small groups they discuss if they agree or disagree with the statements. After 30 minutes they come together and share and discuss their conclusions.

#### Key Points

- 1) Organizations maintain better control over their cash if:
  - a) They maintain separate bank accounts and separate bank books for each donor.
  - b) They maintain separate cash safes and separate cash books for each donor.
  - c) They maintain separate bank accounts and separate bank books for their own money (e.g., membership dues).
  - d) They maintain separate cash safes and separate cash books for their own money (e.g., membership dues).
- 2) Each new donor requires a new set of income and expense ledgers.
- 3) Each new donor requires its own budget report.
- 4) Some donors want to see a consolidated financial report.
- 5) Don't split expenses on the same receipt for different donors.
- 6) An organization only needs to do one trial balance even if it has many donors.

#### Activity 1: Introduction to Managing Finances with Multiple Donors

**Step 1:** You now have a good idea about how to keep financial records for one donor. We are now going to extend our understanding and learn what to do if an organization has more than one donor.

**Step 2:** Divide participants into groups of 3 to 4 people, preferably with people from different organizations. Give each group the “Multiple Donor: Agree – Disagree Statements” handout. Ask them to discuss each statement and come to a conclusion about whether they agree or disagree with each statement. Give them 30 minutes.

### **Multiple Donors: Agree – Disagree Statements (Handout)**

The CBO, Courage was supported by CNCS. Yesterday it received a phone call that a new donor will support its work. It now has two donors.

Discuss each statement below with your group and decide whether you agree or disagree with it. Be prepared to justify your answer to the group.

- 1) If the new donor gives Courage money for an office building and office supplies (remember CNCS is also giving Courage money for office supplies), Courage only needs to add one new expense ledger (office building) to its financial system.
- 2) Courage should keep a cash book for each donor.
- 3) Courage should manage its finances with one bank account.
- 4) Courage should have one cash safe for each donor.
- 5) If the cash in one cash safe runs out, it is acceptable to borrow from another cash safe.
- 6) If Julio is given a cash advance for Mt. 5,000, all of his purchases should be made with the money from one donor only.
- 7) All of the receipts can be kept in the same folders as previously.
- 8) One receipt can be used to account for money used from both donors.
- 9) Courage will need to have two separate trial balances.
- 10) Courage can make one budget report for both donors.

**Step 3:** Bring the groups together to discuss their answers.

### **Discussion**

- 1) If the new donor gives Courage money for an office building and office supplies (remember CNCS is also giving Courage money for office supplies), Courage only needs to add one new expense ledger (office building) to its financial system.**

*Disagree. Courage will need to have two expense ledgers and one income ledger for the new donor. Each donor gives Courage a different budget, even if some categories are the same. Only by keeping separate income and expense ledgers will Courage know if it is complying with each budget.*

- 2) Courage should keep a cash book for each donor.**

*Agree. If an organization accounts for the cash it has received from two or more donors in one cash book, it will be difficult for the organization to know how much of the cash*

remaining in the cash book came from one donor and how much came from the other. The organization might end up spending money from a donor that it has not received.

**3) Courage should manage its finances with one bank account.**

*Disagree. The same reason as above applies.*

**4) Courage should have one cash safe for each donor.**

*Agree. Conceptually it is easier to keep separate cash safes for each donor. It is possible to have one cash safe for all donors, but we will not teach this in this course.*

**5) If the cash in one cash safe runs out, it is acceptable to borrow from another cash safe.**

*Disagree. While it is possible to do this, we have not taught this in this course. Each donor has a separate bank book, bank account, cash book, and cash safe. Keep funds from each donor separate. Do not mix donor funds into the same bank account, bank book, cash safe or cash book. If the cash runs out in a cash safe, go to the bank and transfer money from the bank account for that donor to the cash safe and record it in the cash book.*

**6) If Julio is given a cash advance for Mt. 5,000, all of his purchases have to be made with the money from one donor only.**

*Agree. A cash advance must come from one cash book. Each cash book relates to one donor only. If Julio needs to make purchases from two donor accounts, he should be given two cash advances, one for each donor.*

**7) All of the receipts can be kept in the same folders as previously.**

*Disagree. Receipts are filed either by cash book and bank book or by expense and income ledger. In both cases separate books and ledgers are kept for each donor; therefore, receipts will have to be filed with the books or ledgers for each donor.*

**8) One receipt can be used to account for money used from both donors.**

*This is complicated. You may **never** enter the same expenditure for two different donors. This is stealing! However, if you have different expenditures on the same receipt, you might be allowed to enter some of them in an expense ledger for one donor and some of them in an expense ledger for another donor. But, it is not encouraged. It is best to get separate receipts. Some donors require that organizations send them original receipts. If you have two donors that require original receipts, you cannot split the expenditures into different ledgers unless you ask one of the donors in advance, if they will accept a copy.*

**9) Courage will need to have two separate trial balances.**

*Disagree. Courage can have one trial balance, even if it keeps separate bank accounts for each donor and separate income and expense ledgers. It needs to include the additional bank accounts on the one side and the income and expense ledgers on the other. So the trial balance will look like this:*

**Trial Balance**

Ending Cash Book Balance [Donor 1]		Income [Donor 1]	
Ending Cash Book Balance [Donor 2]		Income [Donor 2]	

Ending Bank Book Balance [Donor 1]		<b>Total Income</b>	
Ending Bank Book Balance [Donor 2]		Expenses [Donor 1]	
Outstanding Cash Advances [Donor 1]		Expenses [Donor 2]	
Outstanding Cash Advances [Donor 2]		<b>Total Expenses</b>	
<b>Total</b>		<b>Total Income – Total expenses =</b>	

- **Divide the participants into groups of three or four and ask each group to make a trial balance form for two donors. While they are working prepare the trial balance above on flip chart paper in case none of the groups comes up with a valid trial balance form. Discuss the results. Keep this table posted on the wall; you will need it in the next session.**

**10) Courage can make one budget report for both donors.**

*Disagree. Each donor is giving funds to Courage in accordance with agreed but different budgets. Courage will have to make a separate budget report for each donor. This is why it needs to have separate income and expense ledgers for each donor agreement.*

*Some donors also want to see a consolidated financial report of all income and all expenses or all of the separate reports that are made for each of the donors.*

**Step 4: Handling money that CBOs get independently (e.g., Membership Dues or sales).**

**1) How should a CBO handle money that it gets for itself (e.g. membership dues or sales)?** *It has to open a new income ledger for its own money. It should also keep this money separate from donor funds. This means having a separate cash book and cash safe. It also means opening a separate bank account for these funds.*

**2) How will the CBO account for the money when it is spent?**

- First, it should be clear who is authorized to spend this money and for what purpose. This is a serious problem that many CBOs do not consider and it can create a serious conflict! Suddenly you have money, but nobody has said how it can be spent. Some people may think that they can do what they want with it without discussing it with the CBOs management and executive body. This is wrong! The CBO must make a budget for this money.*
- Second, separate expense ledgers need to be opened and maintained.*
- Third, most CBOs are membership organizations or must report to an executive committee. So, a financial report must be written showing how these funds were used.*

The next activity will teach us how to keep separate accounts for each donor. You will treat your own money just like it is another donor.

## Session 7.3

### July: Two Donor Simulation

LEARNING OBJECTIVES	
<b>By the end of this session participants will be able to:</b>	
→	Set up income and expense ledgers for two donors.
→	Enter transactions into correct income and expense ledgers for two donors.
→	Make a trial balance with income and expense ledgers for two donors.
→	Make separate financial reports for each of two donors.

Learning Time	Facilitator's Materials
90 minutes	<p><b>Preparation &amp; Materials</b></p> <p><u>Preparation:</u> Fill in blank cash advance flip charts with the information from the two outstanding cash advance flip charts #7 and #8, (step one only)</p> <p><u>Flip Charts</u></p> <ul style="list-style-type: none"> <li>• 2 blank income ledgers</li> <li>• 11 blank expense ledgers</li> <li>• 2 blank cash books</li> <li>• 2 blank bank books</li> <li>• 2 outstanding cash advance reports from June accounts</li> <li>• 3 blank cash advance reports</li> <li>• 1 blank trial balance</li> <li>• 6-8 staplers</li> </ul>

SESSION OVERVIEW	
<b>Activity 1:</b>	Participants read “two donors simulation exercise” and discuss.
<b>Activity 2:</b>	Participants reconcile the June outstanding CNCS Cash Advance #7 and record the change and receipt.
<b>Activity 3:</b>	Participants Reconcile the June outstanding CNCS Cash Advance #8 and record the change and receipt.
<b>Activity 4:</b>	Participants record the July CNCS bank receipts in their July bank book and their July income and expense ledgers.
<b>Activity 5:</b>	Participants record the June transfer to cash, in their CNCS June Cash Book.
<b>Activity 6:</b>	Participants record the CNCS Cash Advance #9 in their cash book and expense ledger.
<b>Activity 7:</b>	Participants record outstanding CNCS Cash Advance # 10 in their cash book.
<b>Activity 8:</b>	Participants record the Threshold Cash Advance # 1 in their threshold July Cash book and their Threshold July expense ledger.
<b>Activity 9:</b>	Participants record the Threshold Bank receipts in their threshold July Bank book and their Threshold July income and expense ledgers.

<b>Activity 10:</b>	Participants record the July Threshold Cash Receipts in their Threshold July Cash book.
<b>Activity 11:</b>	Participants fill out the ledger flip charts for CNCS and Threshold
<b>Activity 12:</b>	Participants make a trial balance for two donors.
<b>Activity 13:</b>	Participants use the trial balance in Activity 12 to make separate trial balances for each donor. These will be included in the donor reports.
<b>Activity 14:</b>	Participants prepare financial reports for two donors.
<b>Activity 15:</b>	Participants present and discuss financial reports.

### **Key Ideas**

- 1) Each new donor requires a new set of books and ledgers. Cash book, bank book, income and expense ledgers, receipt books
- 2) Each new donor requires its own budget report.
- 3) An organization only needs to do one trial balance even if it has many donors and many bank accounts.
- 4) Two bank accounts require two bank reconciliations.
- 5) Two cash books require two cash reconciliations.
- 6) A separate safe for each donor is recommended.

### Participant Materials:

Feliz July accounts for CNCS which participants have been using throughout this training (i.e. cash book, bank book, income/expense ledger, trial balance, financial report) and receipts.

Feliz July accounts packet for Threshold (newly introduced this session) all in one packet

Two Donor Simulation Instructions

### **Two Donors Simulation Instructions**

Feliz has just heard fantastic news. The Threshold Foundation has agreed to fund their organization. This will enable them to significantly increase the number of people that they can train. The Threshold Foundation project agreement is from July to December. The CNCS funding continues as previously.

Set up a new set of books and ledgers for the Threshold Foundation. Then enter all the receipts in the appropriate books and ledgers. Be careful to enter receipts related to CNCS activities in the CNCS books and ledgers and the receipts related to Threshold Foundation in the Threshold Foundation books and ledgers.

### **Introduction : Facilitator explains the activity**

**Step One:** Facilitator gives Participants the Feliz July accounts packet for Threshold which includes the following:

- Budget
- Threshold receipts for July, and
- Blank ledgers (Cash book, bank book, income ledger, 2 expense ledgers, cash advance)
- 

**Step Two:** Facilitator explains the activities.

**Activity 1 Participants read “Two donors simulation exercise”**

**Step 1:** Participants locate their “Two Donors Simulation Instructions”.

**Step 2:** Ask a participant to read “Two Donors Simulation Instructions.”

Do you have any questions?

**Activity 2: Participants Reconcile the June outstanding CNCS Cash Advance #7 and record the change and receipt.**

**Step One:** Participants find their outstanding June Cash Advance #7

**Step Two:** Participants open their Cash Advance binder ‘outstanding receipts’ and take out the receipt for Cash Advance #7, which is for Taxi Rental ML-678-91, 4,200 meticaais on June 22.

Now you have the receipt for Cash Advance #7.

Now imagine I am giving each of you the change of 300 meticaais.

**What do you do now?**

- *Fill in step two and three of the cash advance form*
- *Record the change in the July cash book AND*
- *Record the receipt in the July transport ledger*

**Step Three:** Participants reconcile Cash Advance #7, staple the receipt to the cash advance, file it as ‘reconciled’ and register the receipt in the transport expense ledger and the change in the July cash book.

**Activity 3: Participants Reconcile the June outstanding CNCS Cash Advance #8 and record the change and receipt.**

**Step One:** Participants find their outstanding June Cash Advance #8

**Step Two:** Participants open their Cash Advance binder and take out the receipt for Cash Advance #8, which is for Fantastic Food, Meals for workshop, and 3,210 meticaais on July 2.

**! Now you have the receipt for Cash Advance #8**

Now imagine I am giving each of you the change of 290 meticaais.

**? What do you do now?**

- *Fill in step two and three of the cash advance form*
- *Record the change in the July cash book AND*
- *Record the receipt in the July workshop ledger*

**Step Three:** Participants reconcile Cash Advance #8, staple the receipt to the cash advance, file it as ‘reconciled’ and register the receipt in the workshop expense ledger and the change in the July cash book.

**Activity 4: Participants record the July CNCS bank receipts in their July bank book and their July income and expense ledgers**

- Receipt for 7,000 from CNCS on July 1
- Receipt for check # 31 TDM for June Telephone Bill, 782 meticaís, on July 6
- Receipt for check #32 Palmira, August rent, 2,000 meticaís, July 15
- Receipt for check #33 Miguel’s Hotel, for workshop room rent, 3,575 on July 17
- Receipt for check #34, transfer to cash, 2,000 meticaís, on July 20<sup>th</sup>.

**Activity 5: Participants record the June transfer to cash, in their CNCS June Cash Book**

!Notice there are no June CNCS Cash receipts

**Activity 6: Participants record the CNCS Cash Advance #9 in their cash book and expense ledger**

Step One: Participants locate cash advance #9

? Is this cash advance reconciled or outstanding? *Reconciled*

!We will have to record the transactions in our ledgers.

?What are the steps?

*Step one: record the amount of the cash advance in your cash book*

*Step Two: record the receipt in the communication expense ledger*

*Step Three: (there is no change to record in the cash book)*

**Activity 7 Participants record outstanding CNCS Cash Advance # 10 in their cash book**

**Step One:** Participants locate Cash Advance #10

? Is it reconciled, how can we tell?

*No, because only step one is filled out*

? Where do we record step one?

*In the cash book*

**Step Two:** Participants record the amount of the Cash Advance #10 in their July cash book

**Step three:** Facilitator emphasizes that they have finished recording the Feliz CNCS transactions and now will move on to the Threshold accounts

**Step Four:** Facilitator suggests participants put their Feliz CNCS accounts away and off their desks

**Activity 8: Participants record the Threshold Cash Advance # 1 in their threshold July Cash book and their Threshold July expense ledger**

**Step One:** Participants locate their threshold July receipts and blank ledgers

**Step Two:** Participants record the amount of Cash Advance #1, in their Threshold July Cash Book

**Step Three:** Participants record the receipt for Papelaria Rex, 1,537, in their Threshold office supplies expense ledgers

**Step Four:** Participants record the change from Threshold's Cash Advance #1 of 463 meticaís in their Threshold Cash Book.

**Activity 9: Participants record the Threshold Bank receipts in their threshold July Bank book and their Threshold July income and expense ledgers**

- CNCS deposit for 50,000 on July 1
- Receipt for check # 1 Transfer to Cash , 10,000 meticaís , July 1
- Receipt for check #2 Stella's stationary, 8,765 meticaís, July 5
- Receipt for check #3, Papelaria Rex, workshop supplies, 8,725, July 6<sup>th</sup>
- Receipt for check # 4, Pax Hotel, Workshop accommodation, 15,890, July 21

**Activity 10: Participants record the July Threshold Cash Receipts in their Threshold July Cash book**

Receipt for transfer to Cash, 10,000 meticaís, July 1

Maputo Market, 321 meticaís, July 8

Julia's Catering, 4,000 meticaís, July 17

**Step 3:** Participants work independently. While they are working, arrange the **blank** flip charts from left to right as follows:

- The CNCS bank book, cash book and cash advance on the left, and the income and expense ledgers on the right.
- Then on a near-by space, The threshold bank book, cash book and cash advance on the left, and the income and expense ledgers on the right.
- Finally, put the trial balance between them.

If there is not enough wall space for the all the flip charts, you can arrange some on chairs. You can also use walls that are far apart to separate the CNCS accounts from the Threshold accounts. Participants will then have to get up and move around the room to review the flip charts, which can be a nice change.

**Activity 11: Participants fill out the ledger flip charts for CNCS and Threshold**

**Step 1:** Facilitator calls up volunteers to fill out the Feliz accounts for CNCS and Threshold. If they do this simultaneously it will save time.

**Step 2:** Facilitator reviews the flip charts with participants.

**Activity 12: Participants fill out the trial balance for CNCS and Threshold**

**Step 1:** Facilitator calls up volunteers to fill out the Feliz trial balance.

**Step 2:** Facilitator reviews the flip chart with participants.

**Activity 13: Participants use the trial balance in Activity 12 to make two trial balances, one for CNCS and one for Threshold Foundation.**

**Step 1:** Put up two blank trial balance forms used for one donor only.

**Step 2:** Facilitator tells participants that they will use the trial balance from the above activity to make two separate trial balances, one for each donor. These will be included in the financial report for each donor.

**Step 2:** Facilitator calls up volunteers to fill out the CNCS trial balance.

**Step 3:** Facilitator calls up volunteers to fill out the Threshold trial balance.

**Step 4:** Facilitator reviews the flip chart with participants.

**Activity 14: Participants prepare financial reports for two donors.**

**Step 1:** Briefly review the financial report . Alert participants that the trial balance in the report should be only related to that particular donor.

**Step 2:** Participants prepare Feliz’s CNCS budget report from the account information.

**Step 3** Participants prepare Feliz’s Threshold budget report from the account information.

**Activity 5: Participants present and discuss financial reports.**

**Step 1:** Put up the two blank budget report flip charts and the two blank trial balance flip charts. Participants come to the board one at a time and fill them in. Ask one participant to fill out one line and then sit down.

**Step 2:** Facilitator reviews the following section of the report with participants: under expenditures, over expenditures, and conclusions.

**Discussion for Step 2**

1. Under expenditures
  - a. What budget lines are under expenditures at this time?
  - b. How do you know?
  - c. Does this present any problem for Feliz?

- d. What should Feliz do about it?
2. Over expenditures
  - a. What budget lines are over expenditures at this time?
  - b. How do you know?
  - c. Does this present any problem for Feliz?
  - d. What should Feliz do about it?
3. Conclusion.
  - a. Read the two conclusions in the manual. Ask participants what they think of them.
    - i. Does the conclusion make sense?
    - ii. What will the donors think?
    - iii. Was Feliz wise to say what they said? Why or why not?
  - b. Do the participants have other conclusions they would like to share? If so, have participants read them and discuss.

**Step 6:** Collect the participants' reports. Review them after the sessions. Highlight mistakes, if any. Comment as needed. Return the reports to participants the next day.

### **Two Donors, Two Bank Account Simulation Instructions**

Feliz has just heard fantastic news. The Threshold Foundation has agreed to fund their organization. This will enable them to significantly increase the number of people that they can train. The Threshold Foundation project agreement is from July to December. The CNCS funding continues as previously.

Set up a new set of books and ledgers for the Threshold Foundation. Then enter the receipts in the appropriate books and ledgers. Be careful to enter receipts related to CNCS activities in the CNCS books and ledgers and the receipts related to Threshold Foundation in the Threshold Foundation books and ledgers.

#### **Threshold Budget**

<b>Ledger</b>	<b>Budget</b>
Threshold Funding	330,000
Workshops, Threshold	300,000
Office Supply, Threshold	30,000

#### **Receipts/Transactions List**

<b>Date</b>	<b>From/To</b>	<b>Description</b>	<b>Drawn From/To</b>	<b>Account/Donor</b>	<b>Amount</b>
1-Jul	CNCS	Funding	Bank	CNCS	7,000
1-Jul	Threshold	Funding	Bank	Threshold	50,000
1-Jul	Cash	Transfer	Bank	Threshold	10,000
1-Jul	Antonia	Cash Advance	Cash/Cash Advance	CNCS	700
1-Jul	Mcel	Air Time	Antonia Cash Advance	CNCS	700
22-Jun	ML 678-91	Taxi Rental	Antonia Cash Advance (from June)	CNCS	4,200

<b>Date</b>	<b>From/To</b>	<b>Description</b>	<b>Drawn From/To</b>	<b>Account/Donor</b>	<b>Amount</b>
3-Jul	Antonia	Cash Advance Change	Antonia Cash Advance (from June)	CNCS	300
3-Jul	Antonia	Cash Advance #1	Cash/Cash Advance	Threshold	2,000
3-Jul	Papelaria Rex	Pens and Paper	Antonia Cash Advance	Threshold	1,537
4-Jul	Antonia	Change from Cash Advance #1	Cash Advance/Cash	Threshold	463
5-Jul	Stella's Stationery	Office Materials	Bank	Threshold	8,765
6-Jul	TDM	July Telephone bill	Bank	CNCS	782
6-Jul	Papelaria Rex	Workshop Supplies	Bank	Threshold	8,725
7-Jul	OFFICE DEPOT	Flip chart paper	Julio Cash Advance (from June)	CNCS	3,210
7-Jul	Julio	Cash Advance Change	Julio Cash Advance (from June)	CNCS	290
8-Jul	Maputo Market	Office Stationery	Cash	Threshold	321
15-Jul	Palmira	September Rent	Bank	CNCS	2,000
17-Jul	Miguel's Hotel	Workshop Room Rent	Bank	CNCS	3,575
17-Jul	Julia's Catering	Workshop Food	Cash	Threshold	4,000
20-Jul	Cash	Transfer	Bank	CNCS	2,000
21-Jul	Pax Hotel	Workshop Accommodation	Bank	Threshold	15,890
30-Jul	Miguel	Cash Advance	Cash	CNCS	2,000

## Financial Report Continued

### Financial Report

**Report Title:**  
**Project Period:**  
**Current Reporting Period:**

#### **Cash on Hand**

<b>Amount of money on hand at beginning of this month</b>	
<b>Amount Received this month</b>	
<b>Amount Spent this month</b>	
<b>Amount of money on hand at end of the at end of this month</b>	

#### **Trial Balance Ending**

Ending Cash Book Balance		Income	
Ending Bank Book Balance		Expenses	
Outstanding Cash Advances			
Total		Income – expenses =	

#### **Funds received that are not part of the CNCS funding**

#### **Total Budget and Total Expenses to Date**

The Budget Report below compares Feliz's CNCS budget with the actual expenses at the end of this reporting period. The budget report shows that Feliz expects to receive Mt. \_\_\_\_\_ From CNCS as stated in its contract. It has received Mt. \_\_\_\_\_ From CNCS. It expects to receive an additional Mt. \_\_\_\_\_ from CNCS. Feliz has spent a total of Mt. \_\_\_\_\_; Mt. \_\_\_\_\_ remains to be spent in the budget.

#### **Budget Report:**

<b>Income</b>						
	<b>Donor</b>	<b>Budget</b>	<b>Total Income through (Month)</b>	<b>Current Month Income</b>	<b>Income to Date</b>	<b>Balance</b>
<b>Expenses</b>						
<b>No.</b>	<b>Line Item</b>	<b>Budget Amount</b>	<b>Total Expenses through (Month)</b>	<b>Current Month Expenses</b>	<b>Expenses to Date</b>	<b>Balance</b>
1						
2						
3						
4						
5						
6						
7						
8						
9						
	<b>Total</b>					

The project period ends on \_\_\_\_\_. The project therefore has \_\_\_\_\_ more months before it will end.

**Under Expenditures**

**Over Expenditures**

**Conclusion**

**Correct Books, Ledgers, Trial Balance, and Financial Reports**

**CNCS Books and Ledgers**

**Cash Book: CNCS**

Ref	Date	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
			<b>Opening Balance</b>				<b>6,134</b>	
41	1-Jul	Antonia	Change from Cash Advance # 7	300			6,434	
42	2-Jul	Julio	Change from Cash Advance # 8	290			6,724	
43	20-Jul	Bank	Transfer to cash	2,000			8,724	
44	29-Jul	Antonia	Cash Advance #9			700	8,024	
45	30-Jul	Miguel	Cash Advance #10			2,000	6,024	
	<b>31-Jul</b>		<b>Closing Balance</b>				<b>6,024</b>	
			<b>Total</b>	<b>2,590</b>	<b>0</b>	<b>2,700</b>		

**Bank Book: CNCS Account**

Date	Check No./Other	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
			<b>Opening Balance</b>				<b>26,194</b>	
1-Jul		CNCS	Funding	7,000			33,194	
6-Jul	31	TDM	June Telephone bill		782	782	32,412	
15-Jul	32	Palmira	August Rent		2,000	2,000	30,412	
17-Jul	33	Miguel's Hotel	Workshop Room Rent		3,575	3,575	26,837	
20-Jul	34	Cash	Transfer to cash			2,000	24,837	
			<b>Closing Balance</b>				<b>24,837</b>	
			<b>Total</b>	<b>7,000</b>	<b>6,357</b>	<b>8,357</b>	<b>24,837</b>	

**Advance Book: CNCS Account**

Date	Check/Cash Receipt No.	Vouche/Advance No.	Advance /Payee	Description	IN	Expense	OUT	Balance
				<b>Opening Balance</b>				8,000
1-Jul		7	Antonia	Taxi Rental		4,200	4,200	3,800
1-Jul		7	Antonia	Change from Cash Advance			300	3,500
2-Jul		8	Julio	Fantastic Foods		3,210	3,210	290
2-Jul		8	Julio	Change from Cash Advance			290	0
29-Jul		9	Antonia	Cash Advance	700			700
29-Jul		9	Antonia	MCell Cell phone time		700	700	0
30-Jul		10	Julio	Cash Advance	2,000			2,000
				<b>Ending Balance</b>				<b>2,700</b>
				<b>TOTALS</b>	<b>2,700</b>	<b>7,410</b>	<b>8,000</b>	

**STEP 1: CASH ADVANCE VOUCHER**

<b>CASH ADVANCE VOUCHER</b>		
<b>Date:</b> : <u>18-June</u>	<b>N°:</b> <u>7</u>	
<b>Names:</b> <u>Antonia</u>	<b>Amount:</b> <u>Mt 4,500.00</u>	
<b>Description:</b> <u>Taxi rental</u>		
<b>Check Number:</b> <u>If a check is given</u>		
<b>Account Number:</b> _____	<b>Budget Line:</b> <u>Transport</u>	
<b>Advanced Amount in word:</b> <u>Four thousand five hundred meticaís.</u>		
<b>Prepared by:</b> <u>Antonia</u>	<b>Approved by:</b> <u>Elena Macuacua</u>	<b>Received by:</b> <u>Antonia</u>

## Step 2: Reconciliation

RECONCILIATION VOUCHER		
Date <u>1 July</u>	N° : <u>7</u>	
Names : <u>Antonia</u>		
Description <u>Taxi rental</u>	<b>Budget Line :</b> <u>Transport</u>	
<p>(1) Advanced Amount: _____  <u>4,500</u></p> <p>(2) Total Expensed Amount:  <u>4,200</u></p> <p>(3) Amount due CBO/Employee:  <u>300</u></p>	<p>Step 1</p> <p>Step 2</p> <p>Step 3 = <b>Line (1) – Line (2)</b></p> <p><b>Note:</b> The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.</p>	
Submitted by <u>Antonia</u>	Reviewed by _____	Approved by <u>Elena Macuacua</u>
<b>NB. Attach invoices/External justification document.</b>		

### Receipts Submitted

Bill no.	Date	Description	Amount	Budget Line
	1 July	Taxi Rental	4,200	Transport
		<b>Total Receipts</b>	4,200	

## STEP 1: CASH ADVANCE VOUCHER

CASH ADVANCE VOUCHER		
Date: : <u>28-June</u>	N°: <u>8</u>	
Names: <u>Julio</u>	Amount : <u>Mt 3,500,00</u>	
Description: <u>Fantastic Foods</u>		
Check Number: <u>If a check is given</u>		
Account Number: _____	<b>Budget Line :</b> <u>Workshop</u>	
Advanced Amount in word: <u>Three thousand five hundred meticais.</u>		
Prepared by: <u>Julio</u>	Approved by: <u>Elena Macuacua</u>	Received by: <u>Julio</u>

## Step 2: Reconciliation

RECONCILIATION VOUCHER		
Date <u>2 July</u>	N° : <u>8</u>	
Names : <u>Julio</u>		
Description <u>Fantastic Foods</u>	<b>Budget Line :</b> <u>Workshop</u>	
<p>(1) Advanced Amount: <u>3,500</u></p> <p>(2) Total Expensed Amount: <u>3,210</u></p> <p>(3) Amount due CBO/Employee: <u>290</u></p>	<p>Step 1</p> <p>Step 2</p> <p>Step 3 = <b>Line (1) – Line (2)</b></p> <p><b>Note:</b> The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.</p>	
Submitted by <u>Julio</u>	Reviewed by _____	Approved by <u>Elena Macuacua</u>
<b>NB. Attach invoices/External justification document.</b>		

## Receipts Submitted

Bill no.	Date	Description	Amount	Budget Line
	<u>2 July</u>	<u>Fantastic Foods</u>	<u>3,210</u>	<u>Workshop</u>
		<b>Total Receipts</b>	<b>3,210</b>	

## STEP 1: CASH ADVANCE VOUCHER

CASH ADVANCE VOUCHER		
Date : <u>29-July</u>	N°: <u>9</u>	
Names: <u>Antonia</u>	<b>Amount :</b> <u>Mt 700,00</u>	
Description: <u>Mcel phone time</u>		
Check Number: <u>If a check is given</u>		
Account Number: _____	<b>Budget Line :</b> <u>Communication</u>	
<b>Advanced Amount in word:</b> <u>Seven hundred meticaiss.</u>		

Prepared by:  
Antonia

Approved by:  
Elena Macuacua

Received by:  
Antonia

## Step 2: Reconciliation

### RECONCILIATION VOUCHER

Date 29 July

N° : 9

Names : Antonia

Description Mcel phone time **Budget Line : Communication**

(1) Advanced Amount: 700

Step 1

(2) Total Expensed Amount: 700

Step 2

(3) Amount due CBO/Employee: 0

Step 3 = **Line (1) – Line (2)**

**Note:** The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.

Submitted by

Antonia

Reviewed by

\_\_\_\_\_

Approved by

Elena Macuacua

**NB. Attach invoices/External justification document.**

## Receipts Submitted

Bill no.	Date	Description	Amount	Budget Line
	<u>29 July</u>	<u>Mcel Cell phone time</u>	<u>700</u>	<u>Communication</u>
		<b>Total Receipts</b>	<b>700</b>	

## STEP 1: CASH ADVANCE VOUCHER

### CASH ADVANCE VOUCHER

Date : 30-July

N°: 10

Names: Julio

Amount : Mt 2,000.00

Description: Pens and papers.

Check Number: If a check is given

Account

Number: \_\_\_\_\_

Budget Line : Office.

supplies

Advanced Amount in word: Two thousand meticaís.

Prepared by:  
Palmira \_\_\_\_\_

Approved by:  
Elena Macuacua \_\_\_\_\_

Received by:  
Julio \_\_\_\_\_

## CNCS Ledgers

### Feliz Income Ledger

<b>Budget Name</b>	CNCS	<b>Month &amp; Year</b>	July
<b>Budget Line #</b>		<b>Budget Amount</b>	458,000

RCT #	Date	Description	Amount	Total Received	Running Balance	Recon
		Opening Balance		207,500	250,500	
	1 July	Funding Tranche # 7	7,000	214,500	243,500	
		<b>Totals</b>	<b>7,000</b>	<b>214,500</b>		

### Feliz July Expense Ledgers , CNCS

<b>Budget Name</b>	Communication	<b>Month &amp; Year</b>	July
<b>Budget Line #</b>	7	<b>Budget Amount</b>	6,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		4,445	1,555	
	6 July	TDM June Telephone Bill	782	5,227	773	
	29 July	M Cel Cell phone time	700	5,927	73	
		<b>Totals</b>	<b>1,482</b>	<b>5,927</b>		

<b>Budget Name</b>	Rent	<b>Month &amp; Year</b>	July
<b>Budget Line #</b>	2	<b>Budget Amount</b>	25,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		10,650	14,350	
	15 July	Palmira August Rent	2,000	12,650	12,350	
		<b>Totals</b>	<b>2,000</b>	<b>12,650</b>		

<b>Budget Name</b>	Transportation	<b>Month &amp; Year</b>	July
<b>Budget Line #</b>	6	<b>Budget Amount</b>	60,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		9,731	50,269	
	22 Jun	ML678, Antonia Zanada 5 trips from Catembe to Central Hospital	4,200	13,931	46,069	
		<b>Totals</b>	<b>4,200</b>	<b>13,931</b>		

<b>Budget Name</b>	Incentives	<b>Month &amp; Year</b>	July
<b>Budget Line #</b>	8	<b>Budget Amount</b>	150,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		80,850	69,150	
		<b>Totals</b>		<b>80,850</b>		

<b>Budget Name</b>	Bank Fees	<b>Month &amp; Year</b>	July
<b>Budget Line #</b>	1	<b>Budget Amount</b>	4,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		3,046	954	
		<b>Totals</b>	<b>0</b>	<b>3,046</b>		

### Feliz Expense Ledger

<b>Budget Name</b>	Utilities	<b>Month &amp; Year</b>	July
<b>Budget Line #</b>	3	<b>Budget Amount</b>	8,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		3,925	4,075	
		<b>Totals</b>	<b>0</b>	<b>3,925</b>		

<b>Budget Name</b>	Office Equipment	<b>Month &amp; Year</b>	July
<b>Budget Line #</b>	4	<b>Budget Amount</b>	51,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		6,942	44,058	
		<b>Totals</b>	<b>0</b>	<b>6,942</b>		

<b>Budget Name</b>	Office Supplies	<b>Month &amp; Year</b>	July
<b>Budget Line #</b>	9	<b>Budget Amount</b>	12,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		8,090	3,910	
		<b>Totals</b>	<b>0</b>	<b>8,090</b>		

<b>Budget Name</b>	Workshops	<b>Month &amp; Year</b>	May
<b>Budget Line #</b>	5	<b>Budget Amount</b>	142,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		39,493	102,507	
	2-Jul	Fantastic Foods Catering	3,210	42,703	99,297	
	17-Jul	Workshop Room rent	3,575	46,278	95,722	
		<b>Totals</b>	<b>6,785</b>	<b>46,278</b>		

### Threshold Foundation Books and Ledgers

#### Cash Book: Threshold Foundation

Ref	Date	Payee/Vendor	Description	In	Expense	Out	Balance	Rec
			<b>Opening Balance</b>				0	
1	1-Jul	Bank	Transfer to cash	10,000			10,000	
2	3-Jul	Antonia	Cash Advance #1			2,000	8,000	
3	4-Jul	Antonia	Change from Cash Advance #1	463			8,463	
4	8-Jul	Maputo Market	Office Stationery		321	321	8,142	
5	17-Jul	Julia's Catering	Workshop Food		4,000	4,000	4,142	
	31-Jul		<b>Closing Balance</b>				<b>4,142</b>	
			<b>Total</b>	<b>10,463</b>	<b>4,321</b>	<b>6,321</b>		

#### Advance Book: CNCS Account

Date	Check/Cash Receipt No.	Voucher /Advance No.	Advance/Payee	Description	IN	Expense	OUT	Balance
				<b>Opening Balance</b>				0
3-Jul		1	Antonia	Cash Advance	2,000			2,000
4-Jul		1	Antonia	Pens & Paper		1,537	1,537	463
4-Jul		1	Antonia	Change from Cash Advance #1			463	0
				<b>Ending Balance</b>				<b>2,700</b>
				<b>TOTALS</b>	<b>2,000</b>	<b>1,537</b>	<b>2,000</b>	

**Bank Book: Threshold Foundation Account**

Date	Check No./Other	From/To	Description	In	Expense	Out	Balance	Rec
			<b>Opening Balance</b>				<b>0</b>	
1-Jul		Threshold	Funding	50,000			50,000	
1-Jul	1	Cash	Transfer to cash			10,000	40,000	
5-Jul	2	Stella's Stationery	Office Materials		8,765	8,765	31,235	
6-Jul	3	Papelaria Rex	Workshop Supplies		8,725	8,725	22,510	
21-Jul	4	Pax Hotel	Workshop Accommodation		15,890	15,890	6,620	
			<b>Closing Balance</b>				<b>6,620</b>	
			<b>Total</b>	<b>50,000</b>	<b>33,380</b>	<b>43,380</b>		

**STEP 1: CASH ADVANCE VOUCHER**

<b>CASH ADVANCE VOUCHER</b>		
<b>Date:</b> : <u>3-July</u>	<b>N°:</b> <u>1</u>	
<b>Names:</b> <u>Antonia</u>	<b>Amount:</b> <u>Mt 2,000,00</u>	
<b>Description:</b> <u>Pens &amp; paper.</u>		
<b>Check Number:</b> <u>If a check is given</u>		
<b>Account Number:</b> _____	<b>Budget Line:</b> <u>Office Supplies</u>	
<b>Advanced Amount in word:</b> <u>Two thousand meticaís.</u>		
<b>Prepared by:</b> <u>Antonia</u>	<b>Approved by:</b> <u>Elena Macuacua</u>	<b>Received by:</b> <u>Antonia</u>

**Step 2: Reconciliation**

<b>RECONCILIATION VOUCHER</b>		
Date <u>4 July</u>	N° : <u>1</u>	
Names : <u>Antonia</u>		
Description <u>Pens &amp; paper.</u>	<b>Budget Line :</b> <u>Office Supplies</u>	
<p>(1) Advanced Amount: <u>2,000</u>                  (2) Total Expensed Amount: <u>1,537</u>                  (3) Amount due CBO/Employee: <u>463</u></p>	Step 1 Step 2	
<p>Step 3 = <b>Line (1) – Line (2)</b>  <b>Note:</b> The Amount is due CBO, if the Advanced Amount is more than Total Expensed Amount. The amount is due Employee, if the Advance Amount is less than the Total Expensed Amount.</p>		
Submitted by <u>Antonia</u>	Reviewed by _____	Approved by <u>Elena Macuacua</u>
<b>NB. Attach invoices/External</b>		

### Receipts Submitted

Bill no.	Date	Description	Amount	Budget Line
	3-Aug	Pens & Paper	1,537	Office Supplies
		<b>Total Receipts</b>	<b>1,537</b>	

### Threshold Ledgers

Budget Name	Threshold Income	Month & Year	July
		Budget Amount	330,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		<b>Opening Balance</b>		<b>0</b>	330,000	
	1 July	Funding Tranche # 1	50,000	50,000	280,000	
		<b>Totals</b>	<b>50,000</b>	<b>50,000</b>		

Budget Name	Workshops	Month & Year	July
Budget Line #	1	Budget Amount	300,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		<b>0</b>	300,000	
	6 July	Papelaria Rex Workshop Supplies	8,725	8,725	291,275	
	17 July	Julia's Catering, Workshop Food	4,000	12,725	287,275	
	21 July	Pax Hotel, Workshop Accommodation	15,890	28,615	271,385	
		<b>Totals</b>	<b>28,615</b>	<b>28,615</b>		

Budget Name	Office Supplies	Month & Year	July
Budget Line #	2	Budget Amount	30,000

RCT #	Date	Description	Amount	Running total	Running Balance	Recon
		Opening Balance		<b>0</b>	30,000	
	3 July	Paperlaria Rex, Pens and Paper	1,537	1,537	28,463	
	5 July	Stella's Stationary, Office Materials	8,765	10,302	19,698	
	8 July	Maputo Market, Office Stationery	321	10,623	19,377	
		<b>Totals</b>	<b>10,623</b>	<b>10,623</b>		

**Two donor Trial Balance form - July**

Ending Cash Book Balance: CNCS	6,024	Income: CNCS	214,500
Ending Cash Book Balance: Threshold	4,142	Income: Threshold	50,000
Ending Bank Book Balance: CNCS	24,837	<b>Total Income</b>	<b>264,500</b>
Ending Bank Book Balance: Threshold	6,620	Expenses: CNCS	181,639
Outstanding Cash Advances: CNCS	2,000	Expenses: Threshold	39,238
Outstanding Cash Advances: Threshold	0	Total Expenses	220,877
<b>Total</b>	<b>43,623</b>	<b>Income – expenses =</b>	<b>43,623</b>

**Threshold July Trial Balance**

Ending Cash Book Balance	4,142	Income	50,000
Ending Bank Book Balance	6,620	Expenses	39,238
Outstanding Cash Advances	0		
Total	10,762	Income – expenses =	10,762

**CNCS July Trial Balance**

Ending Cash Book Balance	6,024	Income	214,500
Ending Bank Book Balance	24,837	Expenses	181,639
Outstanding Cash Advances	2,000		
Total	32,861	Income – expenses =	32,861

## Financial Reports

**Report Title:** Feliz Financial Report for CNCS

**Project Period:** January 20\_\_ to November 20\_\_

**Current Reporting Period:** 1 July to 31 July 20\_\_

### Cash on Hand

<b>Amount of money on hand at beginning of this month</b>	40,328
<b>Amount Received this month</b>	7,000
<b>Amount Spent this month</b>	14,467
<b>Amount of money on hand at end of the at end of this month</b>	32,861

### Trial Balance Ending 31 July

Ending Cash Book Balance	6,024	Income	214,500
Ending Bank Book Balance	24,837	Expenses	181,639
Outstanding Cash Advances	2,000		
Total	32,861	Income – expenses =	32,861

### Funds received that are not part of the CNCS funding

Since the beginning of the CNCS contract Feliz has received Mt. 50,000 from the Threshold Foundation. The Threshold Foundation has agreed to provide Feliz with Mt. 330,000 from July to December. Mt. 300,000 is for workshops and Mt 30,000 is for office supplies. Feliz has opened a separate bank account for the Threshold Funds.

### Total Budget and Total Expenses to Date

The Budget Report below compares Feliz's CNCS budget with the actual expenses at the end of this reporting period. The budget report shows that Feliz expects to receive Mt. 458,000 from CNCS as stated in its contract. It has received Mt. 214,500 from CNCS. It expects to receive an additional Mt. 243,500 from CNCS. Feliz has spent a total of Mt. 181,639; Mt. 276,361 remains to be spent in the budget.

## Budget Report for CNCS, 1 January to 31 July, 20

<b>Income</b>						
	<b>Donor</b>	<b>Budget (a)</b>	<b>Total Income through June (b)</b>	<b>July Income (c)</b>	<b>Income to Date (d) = (b) + (c)</b>	<b>Balance (e) = (a) – (d)</b>
	CNCS	458,000	207,500	7,000	214,500	243,500
<b>Expenses</b>						
<b>No.</b>	<b>Line Item</b>	<b>Budget Amount (a)</b>	<b>Total Expenses through June (b)</b>	<b>July Expenses (c)</b>	<b>Expenses to Date (d) = (b) + (c)</b>	<b>Balance (e) = (a) – (d)</b>
1	Bank Fees	4,000	3,046	0	3,046	954
2	Rent	25,000	10,650	2,000	12,650	12,350
3	Utilities	8,000	3,925	0	3,925	4,075
4	Office Equipment	51,000	6,942	0	6,942	44,058
5	Workshops	142,000	39,493	6,785	46,278	95,722
6	Transportation	60,000	9,731	4,200	13,931	46,069
7	Communication	6,000	4,445	1,482	5,927	73
8	Incentives	150,000	80,850	0	80,850	69,150
9	Office Supplies	12,000	8,090	0	8,090	3,910
	<b>Total</b>	<b>458,000</b>	<b>167,172</b>	<b>14,467</b>	<b>181,639</b>	<b>276,361</b>

The project period ends on 30 November. The project therefore has 4 more months before it will end.

### Under Expenditures

Most of the office equipment has not yet been purchased. We expect to purchase all of it next month. Transportation and workshops are under spent, but this will change dramatically in the next months. The first months, January to June were spent establishing our office and developing our programs. We are now ready to significantly increase our workshop trainings and our outreach program as planned.

### Over Expenditures

We have a serious problem with our communication budget. We have spent nearly all of it. We have found that communicating with over 20 activists has cost far more than planned. We would like to reallocate Mt. 6,000 from our workshop budget to communication. We have made a written request to the CNCS and are awaiting a response. We also have a problem with bank fees. We will use our membership dues to cover the costs once our budget runs out. If this is not sufficient we will ask members to contribute.

### Conclusion

We are confident that we will complete all of our activities as stated in our project agreement with CNCS. However, we will have great difficulty reaching the number of people we had planned to train if our request to reallocate funds to communication is rejected. It will be

very difficult for us to plan activities and monitor our field workers without funds to communicate. We are afraid that this may reduce the quality of our program.

-----  
**Report Title:** Feliz Financial Report for Threshold

**Project Period:** July 20\_\_ to December 20\_\_

**Current Reporting Period:** 1 July to 31 July, 20\_\_

**Cash on Hand**

<b>Amount of money on hand at beginning of this month</b>	0
<b>Amount Received this month</b>	50,000
<b>Amount Spent this month</b>	39,238
<b>Amount of money on hand at end of the at end of this month</b>	10,762

**Trial Balance Ending 31 July**

Ending Cash Book Balance	4,142	Income	50,000
Ending Bank Book Balance	6,620	Expenses	39,238
Outstanding Cash Advances	0		
<b>Total</b>	<b>10,762</b>	<b>Income – expenses =</b>	<b>10,762</b>

**Funds received that are not part of the CNCS funding**

Feliz has an agreement with the CNCS that runs from January to December. We have attached the CNCS financial report so that the Threshold Foundation can have a complete picture of our financial situation.

**Total Budget and Total Expenses to Date**

The Budget Report below compares Feliz’s Threshold budget with the actual expenses at the end of this reporting period. The budget report shows that Feliz expects to receive Mt. 330,000 from the Threshold Foundation as stated in its contract. It has received Mt. 50,000 to date. It expects to receive an additional Mt. 280,000 from the Threshold Foundation. Feliz has spent a total of Mt. 39,283; Mt. 290,762 remains to be spent in the budget.

**Budget Report for Threshold Foundation, July**

<b>Income</b>				
<b>No.</b>	<b>Source of Income</b>	<b>Budget</b>	<b>Income to Date</b>	<b>Balance</b>
1	Threshold Foundation	330,000	50,000	280,000
<b>Expenses</b>				
<b>No.</b>	<b>Line Item</b>	<b>Budget Amount</b>	<b>Expenses to Date</b>	<b>Balance</b>
1	Workshops	300,000	28,615	271,385
2	Office Supplies	30,000	10,623	19,377
	<b>Total</b>	<b>330,000</b>	<b>39,238</b>	<b>290,762</b>

The project period ends on 31 December. The project therefore has 5 more months before it will end.

### **Under Expenditures**

We have not spent much of the workshop budget yet, because we were still in the organizational phase of the project and only conducted one workshop. We are now ready to conduct 2 to 3 workshops per month.

### **Over Expenditures**

We have spent one-third of our office supply budget in the first month because we wanted to have a stock of supplies. We are confident that we will manage with the remainder of the budget.

### **Conclusion**

We are confident that we will complete all of our activities and achieve our goals as expressed in our project agreement with the Threshold Foundation. However, we do have a problem with our communication budget with the CNCS. We have underestimated the cost of communicating with our activists. Consequently, we will have great difficulty reaching the number of people we had planned to train if our request to reallocate funds to communication is rejected. It will be very difficult for us to plan activities and monitor our field workers without funds to communicate. We are afraid that this may reduce the quality of our program. If the CNCS rejects our request we will make a formal request to the Threshold Foundation to reallocate Mt. 6,000 from Office Supplies to open a new communications sub-ledger.

## Session 7.4

### End of Chapter 7 Review

LEARNING OBJECTIVES	
<b>By the end of this session, participants will have:</b>	
→	reviewed the main ideas of the chapter.

Learning Time	Facilitator's Materials
30 minutes	<b>Preparation:</b> none <b>Materials:</b> Participant Materials: End of chapter 18 review Flip Chart: End of chapter 18 review

SESSION OVERVIEW	
<b>Activity One:</b>	Participants complete their 'end of chapter review' handout.
<b>Activity Two:</b>	Facilitator goes over the correct answers with the participants.

#### **Introduction: Facilitator explains the activity**

Find your handout 'end of chapter 18 review'

You have 15 minutes to complete it

After 15 minutes we will review your answers

#### **Activity One: Participants fill in their end of chapter review handout**

#### **Activity Two: Facilitator reviews the answers with the participants**

Step One: post the end of chapter 17 review flip chart on the wall

Step Two: Call volunteers up the front to fill in the correct answers

Discuss the correct answers and the incorrect answers.

Make sure to participants understand why a statement is false, or why a multiple choice answer is correct.

**End of Chapter 18 Review: Donor Contracts and Multiple Donors**

**1. What kinds of things will you find in a donor contract? Circle all that are correct**

- a. Length of time of the agreement
- ~~b. How money will be disbursed~~
- ~~c. How you will be allowed to spend the money~~
- ~~d. Accounting requirements~~
- ~~e. Reporting requirements~~
- ~~f. What happens if money is remaining at the end of the project~~
- g. The amount of time it will take you to write all the reports

**2. A CBO has a project agreement with a donor that allows it to spend Mt. 50,000 on workshops and Mt. 75,000 on incentives. They would like to spend Mt. 60,000 on workshops and Mt. 65,000 on incentives. Explain what they need to do.**

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***A CBO has a donor that does not allow their funds to be used as loans, but one of the members is really sick and needs the money: (Circle all that are correct)***

- a. We can use the donor money as a loan as long as it is returned in time to be used by the CBO.
- ~~b. We can't use the donor money as a loan.~~
- ~~c. We should find another way to help her that does not involve the donor money.~~
- d. We should call the donor and ask if an exception can be made. If they agree when we talk on the phone, we can use the money for a loan.

**3. What should you do if you don't understand something in a donor contract?**

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**4. When managing donor funds: (Circle all that are correct)**

- ~~a. Use donor money only for purposes and activities that are in the agreement.~~
- ~~b. Only purchase what is in the budget.~~
- ~~c. Use money within the timeframe that is agreed.~~
- ~~d. Do not spend more in a budget line than is permitted.~~

**5. True or False :**

- T For each donor, have a separate income and expense ledger.
- T It is best to have a separate bank account for each donor.
- T Making separate trial balances for each donor at the end of each month are the only way to keep control over your accounts.
- T If you file your receipts by cash and bank, you must keep separate receipt books for each donor.
- T You must have a separate cash book for each donor.
- T It would be better if you could have a separate safe for each donor.
- F You can charge the same expense twice, once to each donor.
- F One consolidated financial report that combines the budgets, incomes, and expenses of all the donors is acceptable.

**6. Fill in the blank**

If you charge two donors for the same purchase or payment, it is considered **Fraud** \_\_\_\_\_ .

7. Feliz has two donors, CNCS and the Threshold Foundation. The CNCS is giving funds for workshops. The Threshold Foundation is giving funds for office supplies. There is a workshop tomorrow and you need to purchase materials immediately. You also desperately need office supplies. You estimate that the office supplies will cost around Mt. 4,500 and the workshop materials will cost around Mt. 6,000. There is only one person in the office, Miguel, who is available to make the purchases. He is not the bookkeeper, but he is authorized to make purchases. What will you do?

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## Chapter 8 Training Review

4:30

Session 8.1: Situations that challenge financial integrity	60 min
Session 8.2: Questions in a hat	45 min
Session 8.3: Quick questions	45 min
Session 8.4: Final questions	30 min
Session 8.5: Developing a training plan	30 min
Session 8.6: Evaluation of training	45 min
Acknowledgements.....	6
Session 1.1 .....	11
Introduction.....	11
Step Two: Discuss the impact on the training when norms are not followed.....	13
Note: occasionally there is a group that wants to be able to answer their cell phones during the training. This is very disruptive and should be discouraged by the trainer. As the trainer, you can dictate that cell phones must be on silent and answered only on breaks.....	13
Session 1.2 .....	14
Expectations.....	14
Session 1.3 .....	17
Three ways to give feedback.....	17
Session 1.4 .....	20
Participants review the contents of their 'kits' .....	20
Session 1.5: Guardian Angels .....	22
Session 1.6 .....	23
End of Chapter 1 Review .....	23
Session 2.1 .....	26
Review of Principles of Financial Management.....	26
Session 2.2 .....	29
Review of Elements.....	29
Session 2.3 .....	35
Review of Segregation of Duties .....	35
Session 2.4 .....	37
Cash Advance Review .....	37
Session 2.5 .....	40
Reviewing the ledgers (cash, bank, income and expense).....	40
Session 2.6 .....	45
Review of Correcting Mistakes .....	45
Session 3.7 .....	47
End of Chapter 2 Review .....	47
Session 3.1 .....	53
Ticking Session: Or why we need to tick when we.....	53
Session 3.2 .....	60
Cash Monitoring Register .....	60
Session 3.3 .....	65
April Cash Reconciliation: Comparing physical cash and cash book .....	65
Session 3.4: .....	71
Comparing Receipts with Entries in the Cash Book and Cash Advance Reports .....	71
Session 2.5 .....	78
'Show your ledger' game.....	78

Session 2.6 .....	80
End of Chapter 3 Review .....	80
Session 4.1 .....	86
What is a Bank Reconciliation? .....	86
Session 4.2 .....	88
How to do a Bank Reconciliation .....	88
Session 4.3 .....	98
When Bank Statements and Bank Books Do Not Agree .....	98
Six Reasons Why the Bank Statement and Bank Book May Not Agree .....	99
Session 4.4 .....	105
April Bank Reconciliation .....	105
Session 4.5 .....	112
End of Chapter 4 Review .....	112
Chapter 15 Annex 1: Extra Practice Exercise .....	115
Session 5.1 .....	121
Introducing a Trial Balance .....	121
Session 5.2 .....	128
May Trial Balance .....	128
Session 5.3 .....	137
Why is a Trial Balance Important? .....	137
Session 5.4 .....	150
June Trial Balance: Finding and Correcting Errors .....	150
Session 5.5 .....	155
End of Chapter 5 Review .....	155
Annex 1: Extra Trial Balance Exercise 1 .....	157
Annex 2: Extra Trial Balance Exercise 2 .....	166
Session 6.1 .....	179
Why Provide Financial Reports? .....	179
Session 6.2 .....	183
May Financial Report Example .....	183
Session 6.3 .....	192
June Financial Report .....	192
Session 6.4 .....	202
End of Chapter 6 Review .....	202
Session 7.1 .....	207
Following the rules in a donor contract .....	207
Session 7.2 .....	214
Managing Finances with Multiple Donors .....	214
Session 7.3 .....	218
July: Two Donor Simulation .....	218
Session 7.4 .....	242
End of Chapter 7 Review .....	242
Session 8.1 .....	248
Situations that Challenge Financial Integrity .....	248
Session 8.4 .....	255
Final Questions .....	255
Session 8.5 .....	257
Developing a Training Plan .....	257
Evaluation of Training .....	258



## Session 8.1

### Situations that Challenge Financial Integrity

<b>LEARNING OBJECTIVES</b>	
<b>By the end of this session:</b>	
→	Participants will demonstrate that they can manage situations that challenge financial integrity.
→	Facilitators can assess how well participants have assimilated basic skills to maintain financial integrity.

Learning Time	Facilitator’s Materials
60 minutes	<b>Materials and Preparation</b> <u>Participant Materials</u> <ul style="list-style-type: none"> <li>• Challenging Situations</li> </ul>

<b>SESSION OVERVIEW</b>
Participants break up into 4 groups. Each group is given a different situation that could challenge the financial integrity of an organization. Groups must role play the best way to respond to the situation. Role plays are performed and a group discussion is facilitated to comment on how the group responded and provide recommendations to respond more effectively, if possible.

#### **Key Ideas**

- 1) Before jumping to a conclusion, try to get as much information as possible.
- 2) If something is wrong, look at the documents carefully and try to trace exactly where the problem happened.
- 3) Follow the basic rules of financial management.
- 4) When you break the rules, you hurt the organization, everyone in it, and all of the people that could benefit from it.
- 5) People who have power have to follow the rules like everyone else.

#### **Activity 1: Challenging Situations Role-Play**

**Step 1:** We are going to do some role-plays to see how well we can handle difficult situations. Divide yourselves into 4 groups.

- Assign each group a number. Give each group the hand-out entitled, “Challenging Situations.” (in Account Packet 20.1)
- Ask a volunteer to read the instructions and clarify, if needed.

## **Challenging Situations Handout**

Below are four challenging situations. Your group should prepare a role play for the number assigned to it (i.e. group 1 does number 1, group 2 does number 2, etc.). Your role-play should:

- Clearly show what the situation is.
- Respond as effectively as possible to the situation. You should look for the best solution.
- Be less than 5 minutes.

Take 15 minutes to prepare the role-play.

### Role-Plays

- 1) The president checks the cash book and cash in the safe and finds money missing. What do you do?
- 2) CNCS has given you Mt. 5,000 to get poverty certificates for 157 orphans. The Department of Social Action tells your CBO that it can register all 157 orphans for poverty certificates for Mt. 11,000. What do you do?
- 3) Miguel, an animator, comes back from making a purchase with a cash advance. He has the items that he purchased and the correct change, but he lost the receipt. What do you do?
- 4) The president of your CBO asks the treasurer for a cash advance, but she does not have a purchase request. When the treasurer tells the president she needs a purchase request, the president returns with a purchase request that she filled out and authorized herself. What do you do?

### **Step 2: Participants prepare role-plays**

### **Step 3: Participants perform role plays. Group discusses solutions.**

After each role-play facilitate a brief discussion using the discussion guidelines.

### Discussion Guidelines

- What was the challenging situation faced by the group?
- What approach did they take to solve the problem?
- Did it work?
- Would it work in real life? Why or why not?
- Do you think there was a better way to solve this situation? If so, be specific.
- Do you think this training has helped you to solve these problems? Why or why not?

**Session 8.2**  
**Questions in a hat**

<b>LEARNING OBJECTIVES</b>	
<b>By the end of this session:</b>	
→	Participants will have reviewed books and ledgers basics, reconciliations, and budgets.
→	Facilitators will be able to assess how well participants have assimilated course material.

<b>Learning Time</b>	<b>Facilitator's Materials</b>
30 minutes	<p><b>Materials and Preparation</b></p> <p><u>Preparation:</u> Cut up the document 'questions in a hat' and put them in a hat</p> <p><u>Materials:</u></p> <ul style="list-style-type: none"> <li>• Hat</li> <li>• Candy</li> <li>• Blank flip chart paper</li> </ul> <p><u>Facilitator's Materials</u> Questions in a hat</p>

<b>SESSION OVERVIEW</b>
Participants work in pairs to answer questions they pull from a hat. If a team answers correctly it gets two points. If the team answers incorrectly, the question is passed to the next team. If they answer correctly, they get one point. If they answer incorrectly, it is passed to the next team until either a team can answer correctly or nobody gets the correct answer.

**Key Ideas (Review)**

**Activity 1: Thinking Cap Quiz**

**Step 1: Organize participants into five teams**

Ask participants to pick a name for each team. Write the names on the flip chart to keep score.

**Step 2: Read the Books and Ledgers Quiz Instructions**

## Thinking Cap Quiz Instructions

Organize yourselves into five teams. Pick people that you don't know very well to be on your team. I will come to each team with the hat. You will pick one question from it, read it aloud, and answer the question. You will have 15 seconds to answer your question. If you answer correctly, your team gets two points. If you answer incorrectly or cannot answer, the next team gets to answer. If that team answers correctly, it gets one point. If it answers incorrectly or cannot answer, the next team gets to answer. We will continue until each team has had a chance. If no team answers correctly, I get 4 points. No matter which team answers the question correctly, I will go to the next team in the line with a new question.

### Step 3: Play the Game.

Go to first team, have them pick out a question from the hat, read it aloud, and answer it. Continue until all of the questions are finished.

### Thinking Cap Quiz: Questions and Answers for Facilitator

- 1) **What is the purpose of the expense ledger?** *To keep track of how much money you have spent in each budget line.*
- 2) **What is the purpose of an income ledger?** *To keep track of how much money you have received and how much you will receive.*
- 3) **How many income ledgers do you need?** *One per donor per project plus other income sources (e.g., membership fees).*
- 4) **What is the purpose of a trial balance?** *To reduce the chances of errors in the accounts.*
- 5) **In a bank reconciliation, what are you comparing?** *Bank book with bank strata.*
- 6) **In a cash reconciliation, what are you comparing?** *Cash book with cash in safe.*
- 7) **When you reconcile a cash advance, what are you comparing?** *Cash given out with the receipts and change returned.*
- 8) **When you buy something with a check in which places is the purchase recorded?** *Bank book and in an expense ledger.*
- 9) **Which receipts get recorded in the expense ledgers?** *All receipts for anything purchased.*
- 10) **Where do you file the pending cash advance reports?** *In the receipts binder under 'pending cash advance reports'.*
- 11) **Name the four ledgers in this financial system?** *Cash book, bank book, income ledger, and expense ledger.*
- 12) **Name the four registers used in this system?** *Check, asset, equipment movement, and cash monitoring.*
- 13) **Name 3 of the 9 forms used in this training?** *Cash advance, purchase request, three quotes, internal receipt, Cash transfer receipt, goods received receipt, bank Reconciliation form. Trial balance, and financial reporting.*
- 14) **What are the two reconciliations in this system?** *Cash and bank.*
- 15) **Name the principles of financial management.** *Transparency, Accountability, and Clarity.*

- 16) **When you are doing a bank reconciliation, what do you do if a check appears in your bank book, but it does not appear in the bank statement?** *Enter the check under checks not shown in the bank statement, and subtract this from the bank statement balance at the end of the month.*
- 17) **You have followed all of the steps in the bank reconciliation and the bank book and the bank statement still do not reconcile. What do you do?** *Do all of the steps over again until you find your mistake.*
- 18) **You are doing a bank reconciliation. You have already checked your bank book for errors and there are none. But, the bank statement and the bank book do not agree. Give at least two possible reasons.** *1) Bank fees appear in the bank statement, but not in the bank book; 2) a check appears in the bank book, but not the bank statement; 3) a deposit appears in the bank book, but not the bank statement.*
- 19) **In February, a check from Moz Telkom does not appear in the bank statement. You enter it correctly in the bank reconciliation statement and successfully reconcile the bank statement with your bank book. In March, the Moz Telkom check still does not appear on the bank statement. What do you do?** *Enter the check under checks not shown on the bank statement just like last month, and keep doing this each month until the check appears on the bank statement.*
- 20) **Define transparency.** *Doing everything out in the open; providing people with the information that they need, when they need it.*
- 21) **Define accountability.** *Doing what you said you would do; keeping your word.*
- 22) **Define clarity.** *Keeping records neat and well organized, making sure that things are easy to find and understand.*
- 23) **What are fixed costs and give an example?** *Fixed Costs are expenses that we have to pay for even if we don't implement any activities (e.g., Rent. Utilities and Bank Fees are technically variable, but in this training we have said they should be treated like a fixed cost, so these are acceptable examples.)*
- 24) **What are variable costs and give an example?** *Variable costs are expenses that we have to pay for only if we implement activities (e.g., incentives, transport, workshops)*
- 25) **Explain how to estimate variable costs to the end of a project period.** *Step 1: Estimated cost per activity = expenses to date in the budget line ÷ no. of activities completed during the reporting period. Step 2: Estimated cost per activity x no. of planned activities.*

**Step 3:** After all of the questions are finished add up the scores and see who won this part of the game.

Give the winning team some candy.

## Session 8.3

### Quick Questions

LEARNING OBJECTIVES	
<b>By the end of this session:</b>	
→	Participants will have reviewed some of the main ideas and concepts in the training.
→	Facilitators can assess how well participants have assimilated basic skills to maintain financial integrity.

Learning Time	Facilitator's Materials
45 minutes	<b>Materials and Preparation</b> <u>Materials</u> Candy (optional)

SESSION OVERVIEW
This is another quiz competition. The facilitator asks a question and the first team to call out its name gets to answer it. A correct answer is worth 2 points; a wrong answer is minus 1 point. If the team answers incorrectly, the first remaining team to call out its name can answer the question.

### Key Ideas (Basic Concepts Review)

#### Activity 1: Quick Quiz

**Step 1: Participants stay on the same Team.**

**Step 2: Read Instructions for Quick Quiz.**

#### Quick Quiz Instructions

I am going to read a question. The first team to call out its name gets to answer it. If you get it right, you get 2 points, if you get it wrong, we deduct a point. Other teams do not get a chance to answer correctly, if your team gets it wrong.

**Step 3: Read the questions in below**

After each question, allow time to discuss WHY an answer is correct, before going on the next question.

Be sure to keep score on the flip chart paper.

At the end, add up the points for this game and give the winning team some candy.

#### True or False?

1) The person who makes a purchase request can authorize it too. *False*

*Strengthening Leading Mozambican NGOs and Networks II  
Financial Management for CBOs—Intermediate Level*

- 2) The keys for the safe should be kept in the safe. *False*
- 3) Transparency is a principle of financial management. *True*
- 4) Checks are best kept with the expense ledgers. *False*
- 5) If you trust someone, they don't have to bring back a receipt. *False*
- 6) A properly done trial balance will find all of the possible mistakes. *False*
- 7) You should not count your reams of paper and put them in the asset register. *True*
- 8) An organization does not need more than 15 expense ledgers. *False*
- 9) If the difference in your trial balance is less than Mt. 10, you can consider it balanced. *False*
- 10) If money is stolen from your cash safe and you never catch the thief, your cash and cash book will never again reconcile. *False*.
- 11) It is okay to buy something that is not in the budget if it is important. *False*
- 12) You should count your cash daily. *True*.
- 13) Donor contracts are complicated so you don't have to understand everything in them. *False*
- 14) If you overspend your budget, it is best to report this only in the final report, after all of the donor's money has been used. *False*
- 15) You should number your cash advance reports after you use them. *False*
- 16) You should do a bank reconciliation every week. *False*
- 17) If someone comes to reconcile a cash advance and it is only off by Mt. 50, you can put it in the reconciled folder and sort out the difference the next day. *False*
- 18) The Bank Strata is always correct because it comes from the bank. *False*
- 19) The income ledger and expense ledger are in the same binder. *True*
- 20) File your receipts with the oldest on top. *False*
- 21) An example of transparency is a bank book that is easy to read and understand. *False*
- 22) If your CBO does not show anyone its financial reports, it is not transparent. *True*
- 23) True or False: The safest place to keep your cash is in the safe. *False. The safest place is in the bank.*

## Session 8.4

### Final Questions

LEARNING OBJECTIVES	
<b>By the end of this session:</b>	
→	Participants will have reviewed some of the main themes in the training, and learn how to use their handbook to find information.
→	Facilitators can assess how well participants have assimilated basic skills to maintain financial integrity.

Learning Time	Facilitator's Materials
45 minutes	<b>Materials &amp; Preparation:</b> Candy Preparation: Flip Chart with the following questions:

SESSION OVERVIEW
In this session participants will remain in their small groups and be given the same four questions to answer. They will write their answers down. Each correct answer is worth 5 points. Each incorrect answer means a deduction of 5 points. They have 20 minutes to look for the answers in their materials.

### Key Ideas (Review)

Final Questions
<ol style="list-style-type: none"><li>1) What are the criteria for spending money?</li><li>2) Financial Reports are a management tool. What do they help the organization to know?</li><li>3) In your opinion, what are the three best things you learned in this training?</li></ol>

### Activity 1: Final Questions

**Step 1:** Stay in your small groups and answer the questions on the flip chart. You will have 20 minutes to find the answers. You must write your answers down. You will get 5 points for each correct answer and 5 points deducted for each incorrect answer. You can start now.

! Answers to the Final Questions are in Accounts Packet 20.4

**Step 2:** Each group turns in their written responses.

**Step 3:** Read answers aloud and score responses. Record the points on the flip chart. Everyone gets 5 points for their answer to the last question. Add up all the points from the three exercises and give the winners some candy.

### **Answers to Final Questions**

1) What are the criteria for spending money?

a) Is it in the budget? If the answer is yes, then

b) Is there enough money for it in the budget line? If the answer is yes, then

c) Does it make sense to buy it? Does it support project activities?

2) Financial Reports are a management tool. What do they help the organization to know?

a. How much money it has on-hand.

b. How much income it has received so far

c. How much more income it can expect to receive.

d. How much it has spent and for what purpose.

e. How much more it can spend and for what purpose.

f. Which budget lines are being spent to quickly (i.e., overspent)

g. Which budget lines are under spent?

3) In your opinion, what are the three best things you learned in this training?

All answers are considered correct so everyone gets 5 points for answering this question.

## Session 8.5

### Developing a Training Plan

LEARNING OBJECTIVES	
<b>By the end of this session, participants will have:</b>	
→	a three month capacity building plan.

Learning Time	Facilitator's Materials
30 minutes	<b>Materials &amp; Preparation</b> <u>Materials</u> <ul style="list-style-type: none"> <li>• The capacity builders will need their field guide.</li> <li>• The CBOs will need their handbook</li> </ul> Quarterly Planning form for the participants

SESSION OVERVIEW
Participants will sit with their capacity builders and make (or revise) their capacity building plan for the next three months. They will identify the major skill areas they will work on each month, the support they will need from their capacity builder.

#### Key Ideas

- It is important to have a training plan.
- Know what is expected of you before your capacity builder arrives.
- The better prepared you are for the capacity builder visits, the more you will learn.
- Revise your plans periodically to make sure that you are getting what you need.

#### Activity 1: Develop a Training Plan

**Step 1: Participants get into groups with members of their own CBO.**

**Step 2: Hand out two blank planning forms to each CBO.**

#### Step 3: Develop a Capacity Building Plan

This training is part of a six to nine month capacity building program to help you manage your CBO finances. During this period, you should receive at least 2 visits per month from a capacity builder who has been trained on this system. He/she is there to help you meet your capacity building goals.

We are almost done with this training. Take 30 minutes to sit with your capacity builder, and plan out the major skills you will be working on during the next three months.

When you have completed the form, make a duplicate copy so that both the CBO and the Capacity builder have a copy of the plan.

## Session 8.6

### Evaluation of Training

LEARNING OBJECTIVES	
<b>By the end of this session, participants will have:</b>	
→	evaluated the training and determined which training objectives have been met and which objectives have not been met The Angels will also be revealed.

Learning Time	Facilitator's Materials
60 minutes	<b>Preparation:</b> Participant Materials: Training Evaluation Flip Chart: None

SESSION OVERVIEW	
<b>Activity One:</b>	In this session participants have an opportunity to give written feedback on the training and whether or not it met the objectives. The evaluation form is anonymous, there is no place to write the participants name.
<b>Activity Two:</b>	Angels are revealed.

#### Introduction:

In this session you have the opportunity to evaluate the training. Please fill out the written evaluation form that is being handed out to you. When you are done, please place your evaluation face down on the table in front of the room. (indicate which table to use).

Activity One: Participants fill out their training evaluation

Activity Two: Participants Angels are revealed

Step One: Ask everyone to stand up and hold the arm of the person they 'suspect' is their angel.

Step Two: after everyone is holding the arm of the person they suspect is their angel, ask all the Angels to stand in back of the person they were protecting, and place their hands on the shoulders of the person they were protecting.

Step Three: Invite participants to share their experience of the activity