

Jo Smet  
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# FINANCIAL ADMINISTRATION AND MANAGEMENT OF PIPED SUPPLY



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*Library*  
IRC International Water  
and Sanitation Centre  
Tel.: +31 70 30 639 50  
Fax: +31 70 35 099 74

**FOR USER GROUP COMMITTEE**

**Domestic Water Supply**

**Morogoro - TANZANIA**

**LIBRARY IRC**  
PO Box 93190, 2509 AD THE HAGUE  
Tel.: +31 70 30 689 80  
Fax: +31 70 35 899 64  
BARCODE: 16388  
LO:

**FINANCIAL ADMINISTRATION FOR WATER USER GROUPS  
BOOK KEEPING / RECORD KEEPING  
(PIPED WATER SCHEMES)**

**1. Introduction**

The Water Supply Company, which is owned by your and several other Water User Groups, will, in accordance with the new Water Policy of the Tanzanian Government, become the legal owner of the piped water scheme that guarantees you a continuous supply of clean domestic water. Just like any other owner of any other economic good, the Water Supply Company is made fully responsible for the proper operation and maintenance of the whole scheme.

So your Water User Group, together with all other Water User Groups in your and perhaps neighboring villages, are the formal owners of one of the Water Supply Companies in the region. You will have selected somebody from your group to represent the group as an official member of the Water Supply Company. The responsibility for proper operation and maintenance of the water supply system has been delegated to the management of your Water Supply Company.

You and the other members of your Water User Group will be asked to regularly pay a reasonable contribution for keeping your water supply system in permanent operation and properly maintained. How much this is will depend on the complexity of the system and on the total number of people who are taking water from that system. Detailed guidelines on how your Water Supply Company, fully responsible for the management of the scheme, should calculate appropriate water tariffs for different categories of water users are given in a separate manual "Financial Management and Administration of Water Supply Companies".

Your Water User Group consists of many households. Because all households are living in the vicinity of a public domestic water point or are related to each in some other way, the individual members of your group usually know each other quite well. For taking important decisions, such as how to collect the water tariffs from the water users on a regular basis or the sanitation rules that have to be applied at the water point site, it will sometimes be impractical to directly involve *all* members of the group. Therefore each Water User Group has elected a User Group Committee, consisting of a Chairperson, Secretary, Treasurer and three members. The Committee has been given the power by the members of the Water User Group to take decisions on behalf of the whole User Group.

We understand that you are a member of the elected User Group Committee of your Water User Group. You are selected by the members of your group to represent them on the Committee. You were given this responsibility, because people have confidence in you. They know that you will keep their interest in mind when you take part in the decision making.

As a Committee member you are responsible for a large variety of things: keeping records of the members, the administration of finances, communication with the Board of Directors of your Water Supply Company, conducting meetings with all the members, supervising construction work and major repairs, and many other things. Perhaps most important of all these activities is keeping proper record of all financial transactions of the Water User Group. This is because a proper handling of the financial records of the Group is directly related to the confidence and trust you will have developed within your User Group.

This manual will guide you in making proper arrangements for all matters that are related to the administration of your Water User Group. The following subjects will be discussed in a manner which is practical and easy to understand:

1. How to register the households that belong to your User Group.
2. How reasonable water tariffs are calculated.
3. How to collect the water tariffs from the members of your User Group.
4. How to keep proper records of the User Group's financial transactions.

We would like to emphasize that the main purpose of this manual is to give you guidelines. The manual provides you with some practical recommendations on how things could be organized within your User Group. Besides the recommendations given in this manual, the management of your Water Supply Company will also provide you from time to time with directives on how your User Group's administration should be organized. If adopted and approved by the Company's Board of Directors, these directives are binding.

**2. How to register the households that belong to your User Group**

For administrative purposes it is essential that you keep a good record of the households that are member of your User Group. A household could be defined as follows:

- A unit consisting of a husband and wife with or without children below 18 years or
- a wife with or without children below 18 years in a polygamous marriage or
- individual adults of 18 years and above, who are registered on their own standing.

As both the quantity as well as the composition of the households in your User Group will change over the time, the records will have to be updated on a regular basis.

For every household it is important to get the name (and age) of the person who acts as head of the household and the name(s) of the person(s), who can be recorded as his or her dependents (wife and children). For practical purposes it is recommend to also include all family members under 18 years, who are permanently (longer than three months) living under the same roof as the head of the household, as part of that household.

The Water User Group Committee, of which you are a member, is held responsible for keeping the Register of Water User Group Members up to date. In practice this task will be given to the Secretary of the Committee. The standard lay-out of such a Register could be as follows:

**REGISTER OF WATER USER GROUP MEMBERS**

Name of Water User Group: .....

**Section I - Households using water from the Domestic Water Point**

House hold No.	HEAD HOUSEHOLD		DEPENDENTS		
	Name (only one name per household)	Year of Birth	Name	Year of Birth	Relation to Head of Household
1.					
2.					
etc.					

**Section II - Households with Private House Connections**

House hold No.	HEAD HOUSEHOLD		DEPENDENTS		
	Name (only one name per household)	Year of Birth	Name	Year of Birth	Relation to Head of Household
1.					
2.					
etc.					

### **3. How reasonable water tariffs are calculated**

The source from where you and the other members of your Water User Group get your water, whether this is a handpump, a public tap point or a private connection, is something that deserves to be treated with utmost care. Your life depends on it, literally!

Good care means a regular maintenance of the whole water supply system, both technical and hygienic (the cleanliness of the water sources). If the system only consists of a shallow well and a handpump, maintenance procedures are rather simple. For that reason the concerned User Group is asked to take full responsibility for the complete "management" of the system.

If, as in your case, the water point you are using is part of a more complicated piped water scheme, things become a bit more difficult. The responsibility for maintaining such a system is shared with many other Water User Groups, all using the same system. The Water Supply Company, representing the interests of all User Groups, belonging to the system, has in this case taken over all technical maintenance responsibilities. On the other hand, you should at all times remember that your Group will still remain responsible for keeping the public tap point of your Group clean, orderly and tidy!

The price you will have to pay for obtaining clean water from a source that is close to your house, the water tariff, will depend in the first place on the costs which the Water Supply Company has to make for "producing" the water. Also the amount of water used during a certain period of time is playing a role. The calculation of reasonable and economically justified water tariffs for a piped water supply scheme is rather complicated. You and the other members of your User Group are regularly paying that water tariff to the Water Supply Company. We advise you to ask the person, who represents your User Group as member of the Company, to give you a simple explanation of how the water tariff has been calculated.

The frequency of payment of water tariffs by members of User Groups that belong to a Water Supply Company is decided by the management of the Company. Monthly payments are as a rule demanded by most Companies.

#### 4. How to collect the water tariffs from the members of your User Group

It is essential to keep a good record of all payments of water tariffs by the members of your User Group. In order to get a good overview of all payments made, we advise you to write all the names of the heads of the households in one column on a large piece of (thick) paper. First write the names of all the heads of the households using water from a domestic water point, then start with the names of the heads of the households with private house connections. Behind the names of the heads of the households you draw twelve columns, one for each month of the year (you start with January and you end with December). You now have completed the Tariff Card of your User Group as follows:

#### TARIFF CARD - WATER USER GROUP .....

Monthly Water Tariff DWP Users: Tshs. ....  
 Monthly Water Tariff House Connections: Tshs. ....

-Name Head Household	Jan.	Febr.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<i>DWP Users</i>												
Plus Msigwa												
Rebecca Julius												
Halima Abdallah												
Mahaligwa Kauzeli												
Mbonde Bungo												
Daudi Ginzell												
etc.												
<i>House Connections</i>												
David Macha												
Nkenja Manda												
Fredi Mwanga												
Gauda Sanga												
Queen Mela												
etc.												

Usually one or more members of the User Group Committee will collect the water tariffs from the User Group members. Receipts in the form of tariff tickets will be issued for each payment. For piped water schemes water tariffs will be collected from two categories of water users: households using water from a domestic water point and households with private house connections. Businesses and institutions will pay their water tariffs directly to the Water Supply Company.

The Treasurer of your Water User Group Committee will have tariff books which are to be used to collect water tariffs from each User Group member/household. User Groups that belong to a piped water scheme have two types of tariff books: tariff book A for domestic water point users and tariff book H for users with private house connections. All new tariff books contain a set of clearly numbered tariff tickets. In particular for piped water schemes strict rules apply. Tariff books are in that case issued by the Water Supply Company and will from time to time officially be handed over to the Treasurers of the respective Water User Group Committees.

Immediately after collecting the water tariffs from the User Group members, the Treasurer of your User Group will mark the payments on the Tariff Card in the concerned period columns (months) behind the names of the heads of the concerned households. As a matter of convenience we recommend you to write only ticket numbers (from the tariff books) in the concerned columns. When no payment is made, the space in the concerned column will automatically remain blank.

As (at least for the time being) the tariff rates are the same for all individual households within one category, there is no need to write shilling amounts in the columns. Writing ticket numbers in the columns instead of shilling amounts will make it much easier to check later whether certain water tariff payments have actually been made or not. Defaulters are easy to detect: they will have no ticket number in one or more columns behind their name, depending on the number of months in which they failed to pay their water tariff.

### TARIFF CARD - WATER USER GROUP .....

Monthly Water Tariff DWP Users: Tshs. ....  
 Monthly Water Tariff House Connections: Tshs. ....

Name Head Household	Jan.	Febr.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
<i>DWP Users</i>												
Plus Msigwa	2533	2595	2635	2704	2801							
Rebecca Julius	2534	2802	2802	2802	2802							
Halima Abdallah	2485	2485	2485	2732	2732	2732	2732					
Mahaligwa Kauzeli	2486	2486	2486	2486	2803	2803	2803	2803	2803			
Mbonde Bungo	2535	2596										
Daudi Ginzell	2536	2597	2636	2705	2804							
etc.												
<i>House Connections</i>												
David Macha	8752	8795	8823	8841	9001							
Nkenja Manda	8524	8796	8796	8796	9002	9002	9002					
Fredi Mwanga	8754	8798	8827	8846	9003							
Gauda Sanga	8694	8694	8829	8829	8829	8829						
Queen Mela	8755	8799	8830	9004	9004							
etc.												

When certain User Group members prefer to pay their water tariffs in advance over longer periods than one month, only one ticket/receipt will be issued from the tariff book to the concerned User Group member. The Treasurer of the User Group will in that case enter *the same ticket number* behind the User Group member's name in the period columns (months) to which the tariff payment is related (e.g. January, February and March when the payment is made for the first quarter of the year). The same procedure should be used for the administration of late payments (the collection of unpaid water tariffs from previous months). We advise you to draw a simple arrow under the first or last number, depending on whether you are dealing with an advance payment (arrow under the first ticket number) or a late payment (arrow under the last ticket number).

Copies of the original tickets, given to the User Group members after payment of their water tariffs, are kept with the Treasurer of your Water User Group. Any User Group member is entitled to check these copies of the original tickets.



Each month the Treasurer of your Water User Group must send the revenue collected from the members or your User Group to the Treasurer of the Water Supply Company for recording and custody. For recording purposes it is important that at the end of each month, after your Treasurer has completed the collection of water tariffs from all the members of your User Group, a specification is made of:

1. the amount of water tariffs collected from the User Group members, referring to that month,
2. the amount of water tariffs that represent pre-payments for the coming month(s) and
3. the amount of water tariffs that represent (late) payments for the previous month(s).

The total of these three amounts should be equal to the total amount in cash received from the User Group members over the concerned month and handed over to the Treasurer of the Water Supply Company.

For accurate recording purposes, the management of the Water Supply Company will strongly recommend the Treasurer of your User Group to use a *Register of Monthly Water Tariff Receipts* (see example hereunder). This Register also contains the names of the User Group members (heads of households) and is also divided over domestic water point users and users with a house connection. After completing the monthly water tariff collection, the Treasurer will indicate behind the name of each User Group member the *total* amount of water tariffs, collected from that person during that month, the concerned ticket number and the period, stated in months, to which the concerned payment is related.

### REGISTER OF MONTHLY WATER TARIFF RECEIPTS

Month: May

Year: 19.....

Name Head Household	Amount Received during month (Tshs.)	Tariff book ticket no.	Payment for period: Indicate months)
<i>DWP Users</i>			
Plus Msigwa	200	2801	May
Rebecca Julius	800	2802	Febr. - May
Halima Abdallah			Paid earlier
Mahalgwa Kauzeli	1,000	2803	May - Sept.
Mbonde Bungo			
Daudi Ginzell	200	2804	May
etc.			
<i>House Connections</i>			
David Macha	1,000	9001	May
Nkenja Manda	3,000	9002	May - July
Fredi Mwanga	1,000	9003	May
Gauda Sanga			Paid earlier
Queen Mela	2,000	9004	April - May
etc.			

Remember that entries on the tariff card are made every time when the Treasurer of the User Group receives a payment of water tariffs by one of the User Group members. The Register of Monthly Water Tariff Receipts, however, is completed only once a month after the Treasurer has received all water tariffs from the User Group members over that month. After a final check of whether all water tariff receipts have been properly recorded in the User Group's cash book (see following chapter), the total amount of monthly water tariff receipts will be handed over to the Treasurer of the Water Supply Company.

## 5. How to keep proper records of the User Group's financial transactions

All members of your User Group regularly pay a certain amount of money to the Treasurer of the User Group Committee. That money and the money collected from other Water User groups should enable the management of the Water Supply Company to properly operate and maintain the system that guarantees the water users a continuous supply of clean domestic water. At any time the User Group members have the right to know whether their money has been properly recorded and handled. For that purpose he or she can ask the Treasurer to show the relevant financial records: the Tariff Card and the User Group's cash book.

How to deal with the Tariff Card we have seen in the previous chapter. In this chapter we will give you some practical guidelines concerning the use of the User Group's cash book. In this book the Treasurer will enter all cash transactions of the User Group on a daily basis. Cash receipts and cash expenditure will be entered in different columns in the book. Another column will show the balance of cash income and cash expenditure. At any time the Treasurer can thus check whether the cash balance in his cash book still corresponds with the amount of cash which is kept in the User Group's cash box.

This is how the cash book of your User Group could look like:

CASH BOOK		Month: January 1997			
Date	No.	Description	Income	Expenditure	Balance
1/1/97		Brought forward	2,000		2,000
3/1/97	2801/24	Water tariffs	4,800		6,800
5/1/97	2825/42	Water tariffs	1,600		8,400
7/1/97	9001/12	Water tariffs	10,000		18,400
10/1/97	0455	Travel expenses		500	17,900
10/1/97	0454	Transfer to WSC		16,400	1,500
31/1/97		Carried forward		1,500	0
		Total	18,400	18,400	
Balance checked ..... (treasurer) ..... (Committee member)					

CASH BOOK		Month: February 1997			
Date	No.	Description	Income	Expenditure	Balance
1/1/97		Brought forward	1,500		1,500

All cash receipts of the User Group are related to the receipt of water tariffs from the User Group members. Earlier we saw that copies of the original tickets, that are given to the User Group members after paying their water tariffs, are kept with the Treasurer. These copies can now be used by the Treasurer to make an income entry in the cash book at the end of the day when water tariffs were received.

All cash expenses of the User group should be supported by payment vouchers. This is a simple document stating the amount paid, the name and signature of the recipient, the purpose of the payment and the date of payment. All payments will have to be authorized by either the Chairperson or the Secretary of the User Group Committee. In the case of your User Group, there will be only two types of cash payments: the monthly payment of *all* water tariffs, received from the User Group members during that month, to the Treasurer of the Water Supply Company and some minor payments for travel expenses, etc. Last mentioned payments, taken out of the User Group's petty cash, will have to be authorized by the Treasurer of the Water Supply Company and, at a later stage, be refunded. After entering the payments in the expenditure column of the User Group's cash book, the concerned payment vouchers should immediately be put in the separate payment vouchers file.

<i>Payment voucher</i>	
No. ....	Date: .....
Paid to: .....	
the sum of shillings .....	
.....	
Being payment for .....	
Amount received with thanks	
Tshs. ....	.....
Payment authorized: .....	

Usually the cash book is closed at the end of every month. The last mentioned balance (usually a small amount for petty cash) has to be carried forward to the next month, that amount being the opening balance for that month. The cash balance at the end of the month is expected to be equal to the actual cash available at that time. The actual cash has to be counted by the Treasurer of the User Group Committee in front of at least one other Committee member. The Committee members have to sign at the bottom of the cash book to certify that the cash count was correct.

The amount of petty cash, held by your User Group should be kept as small as possible, say Tshs. 2,000 might be sufficient. Maybe the Treasurer of your User Group will have to make some travel expenses or has to buy some stationary items. But in principle all these expenses should be charged to the Water Supply Company and at a later stage be refunded by the Company Treasurer!

## **6. Conclusion**

After having studied this manual, we are confident that you are now capable of carrying out the financial administration of your User Group. We hope that we have given you some ideas on how the essential records of the User Group can be properly kept.

**ALWAYS REMEMBER:  
A CORRECT USE OF MONEY  
AND PROPERLY KEPT BOOKS  
WILL CREATE CONFIDENCE AMONG THE MEMBERS  
OF YOUR WATER USER GROUP !**