

TRAINING COMPLETION REPORT

**Centre for Self-help
Development (CSD)**

Training on Financial Management and Pearls Monitoring System

April 16-19, 2015



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1. INTRODUCTION

A **cooperative** is an enterprise formed by a group of people to meet their own self-defined goals, which may be economic, social, cultural or some combination of these. In a cooperative, only members are allowed to be owners. Thus in a co-op, members cannot be passive investors but will always be active participants in the business in some way, whether as consumers, workers, producers or some other role. All cooperatives operate on the principle of “one member, one vote” so control is allocated evenly among members without regard to relative levels of economic investment. Co-op law and practice dictate that cooperatives must operate for the benefit of members and that benefits must also be distributed “equitably” based upon patronage, or the amount of business that a member does with the cooperative, not upon the amount of capital invested. This may mean that benefits are divided equally, or it may mean they are distributed in some other equitable manner such as the amount of business each member does with the co-op.

Nepal’s cooperative movement has already completed five decades. During this 53-year period, especially after the enactment of the new Cooperative Act in 1991, the sector has witnessed a massive growth in terms of quantity. There are over 21 thousand cooperatives of all types with over 3 million members. Together, they employ some 50 thousand people directly and over half a million indirectly. These organizations need to be managed properly and if effort is put to enhance their capabilities then it may help boost our economy immensely.

In order to build the capacity of cooperative organizations CSD had organized a training on “Financial Management and PEARLS Monitoring System” from April 16-19, 2015. This program provided the participants with better insight on role and responsibilities of accounts committee, significance of financial management and importance of PEARLS Monitoring System.

2. TRAINING OBJECTIVES

The specific objective of the training was to come up with the below mentioned outcomes:

1. Roles and responsibilities of Accounts Committee in cooperative organization
2. Acquainting with the principle of accounting system
3. Aware participants importance of financial management and use of financial analysis
4. Familiarize the participants with the significance of PEARLS Monitoring System with conceptual as well as practical knowledge
5. Aware the participants with fraud management

3. TRAINING METHODOLOGY

During the training program sufficient conceptual knowledge was disseminated to the participants. In addition to the concepts and theories, emphasis was given to practical exercise and all the sessions were designed to be participatory for increasing effective learning.

Different types of training methodologies were used in training sessions;

- Experience sharing by the participants
- Lectures and demonstrations of the concepts and theories using multimedia power point
- General discussions
- Practical exercise
- Brainstorming and group discussions

4. PARTICIPANTS

The participants were from eastern and western districts of the country working in different co-operatives of Nepal. There were a total of 21 participants.

5. VENUE AND DURATION

The three days training was conducted in the training hall of CSD from April 16-18, 2015. There were altogether 10 classroom sessions with 2 classes of practical exercise; both were calculation of PEARLS indicators. There were three sessions in the first day, four sessions in the second day and three in the third day.

6. TRAINING MATERIALS

The materials used during the training period were as follows:

- Multi-media power point handouts
- Pearls Monitoring System forms and formats
- Excel spread sheets
- White board
- Meta cards

7. RESOURCE PERSONS

The resource persons involved in training were as follows:

1	Mr. Bishnu Kumar Shrestha	Saving and Credit Expert
2	Mr. Ramesh Adhikari	Saving and Credit Expert
3	Mr. Roop Bahadur Khadka	RMDC
4	Mr. Shanker Nath Kapali	Officiating Executive Director-CSD
5	Mr. Satish Shrestha	Deputy Director-CSD

8. TRAINING IMPLEMENTATION

8.1 Key Learning Areas

The training entirely focused on a comprehensive learning of financial management and PEARLS monitoring system. Major topics incorporated in the training agenda covers¹:

- Roles and responsibilities of Accounts Committee
- Principles and stages of accounting system
- Importance of Bank Reconciliation
- Examination of personal saving and credit calculation
- Examination of minute of working committee and other committees
- Importance of Financial Management and use of financial analysis
- PEARLS Monitoring system and its significance
- Practical exercise on PEARLS
- Fraud Management
- Samples of report and internal control management

8.2 Registration of Participants

The registration of the participants started from 9:30 A.M 16th April, 2015. Each participant was provided with a notebook, ball-pen and a bag.

8.3 Opening Session

After registration, CSD Training Officer, Ms. Abhilasha Poudel, walked up to the podium in front of the Hall and expressed her hearty and warm welcome to all the participants. Then, the session was formally opened by Mr. Shanker Nath Kapali, Officiating Executive Director. He welcomed all the participants from varied institutions who came from different Cooperative organizations. The objective of the training and a day wise session plan was briefly outlined by the Training Coordinator, Mr. Satish Shrestha.

¹ ANNEX 2: Contents of Training on Financial Analysis and PEARLS Monitoring System

8.4 Introduction of the Participants

The introduction session was initiated by the Training Coordinator, Mr. Satish Shrestha. He asked each participant to introduce themselves in the following format:

- a) Name of the participants
- b) Name of the organization and their position
- c) Years of experience in the field and their current job profile.

8.5 Ground Rules Setting

The ground rules for the training period were set by the participants themselves. They are as follows:

- Be punctual and arrive in training hall on time
- Keep mobile set in silent mode inside training hall
- No clicking pictures during training session
- No side talks
- Participants to raise their hands and ask question turn by turn
- Take excuse and leave training hall for a moment to take urgent calls

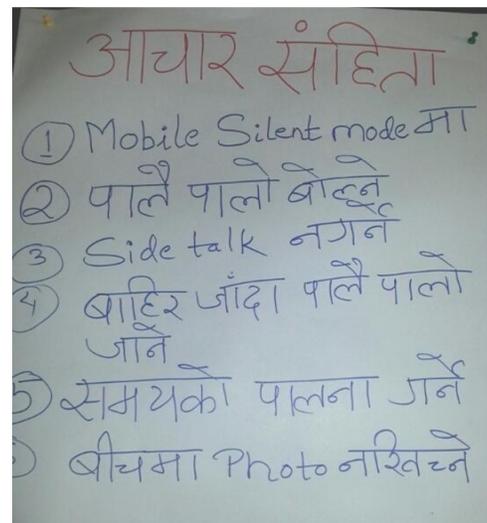


Figure 1: Ground Rules Set by Participants

8.6 Formation of Different Platforms

In order to have a conducive learning environment, especially during class room sessions, the participants were divided into four groups in accordance with their choice of a Meta-card Color. They were given to choose one among the four color plates- Yellow, White, Pink And Blue to make the training program participatory and increase involvement of the participants in maintaining the training environment. The groups were asked to take responsibility of one of the four major areas on rotation basis during the training.

- a) Entertainment—Yellow Group: This group had the responsibility of conducting refreshment activities and programs (e.g. sharing jokes, singing songs, poetry etc.) during the training to refresh mood of the classroom and participants.
- b) Class Management--White Group: White group were responsible for taking care of the seating arrangements on rotating basis and changing the groups to another responsibility every next day.
- c) Review--Blue Group: Blue group were responsible for reviewing the lessons learned in first session of each next day.
- d) Logistics Management--Pink Group: This group had the responsibility to report the training management team about logistics support (e.g. food, water etc.) required by the participants

8.7 Expectation Collection of Participants

Ms. Abhilasha Poudel requested all the participants to write down their expectation from the training program on the meta-card given to them. The expectations of the participants were as follows:

- To learn about the roles and responsibilities of accounts committee
- To enhance the skill to work efficiently and effectively in accounts committee
- To get acquainted with principles of accounting system
- To have new insight regarding financial analysis in Cooperative organization
- To learn about the importance of bank reconciliation
- To learn about the PEARLS Monitoring System, its significance and uses
- To learn about Fraud management
- To develop the ability to execute and implement the proper learned knowledge and be able to do proper financial interpretation
- To learn about the position of the organization

8.8 Formal Session

Day 1

Mr. Satish Shrestha facilitated the first session of the first day. He asked participants to share their views on the current practices of financial analysis and roles of account committee in their organizations. He focused mainly on three questions and the participants shared their views and the experiences accordingly. The session was very interactive.

1. What role does the account committee members play in the organization?

Synopsis of their Shared Views:

- In most of the organization account committee is usually passive
- Members of the account committee are teacher by profession so they do not give much needed time. They take it as part time job.
- Account committee looks after the rules and regulations
- Account committee do present their report on time
- Account committee is considered to be expert committee as it comprises of expert members so as to get their expertise knowledge regarding better performance of the organization

2. What are the essential qualities of the members of the account committee?

Synopsis of their Shared Views:

- They need to follow the cooperative principles and have faith on the cooperative philosophies
- They must be able to coordinate with other committees
- They must be aware of the regulatory act of cooperative
- They must be professional
- They should not take this job as their side job which will make them inactive members
- They should not have hostile feeling towards other committees members and staffs

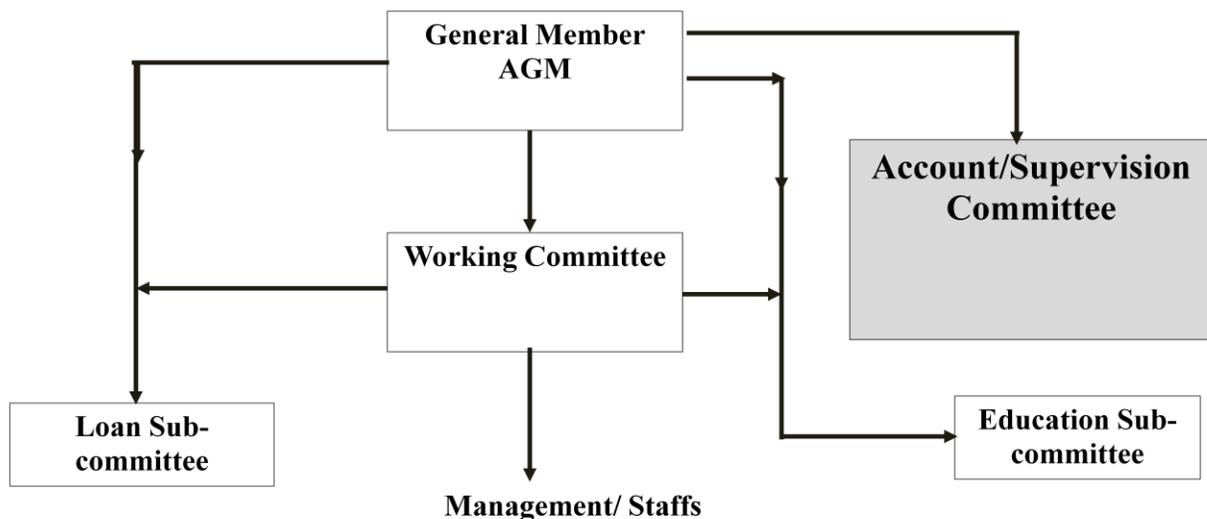
3. What is the state of implementation regarding the suggestion or report presented by account supervision committee?

Synopsis of their Shared Views:

- If suggestion seems feasible then it is implemented
- Some suggestions are unrealistic
- Sometimes suggestion that is said to be implemented, when investigated is found to be false
- Sometimes suggestion is implemented but is not reported to account committee

Mr. Bishnu Kumar Shrestha facilitated the second session on the topic “Concept and roles & responsibilities of Accounts Committee”. He started his session by explaining the organizational structure of the cooperative organization. Then he explained about the roles and responsibilities of the accounts committee.

Organizational Structure of Cooperative Organization



Accounts committee: The general meeting of every association may elect and form one accounts committee consisting of three members including one coordinator.

Roles and Responsibilities of Accounts Committee

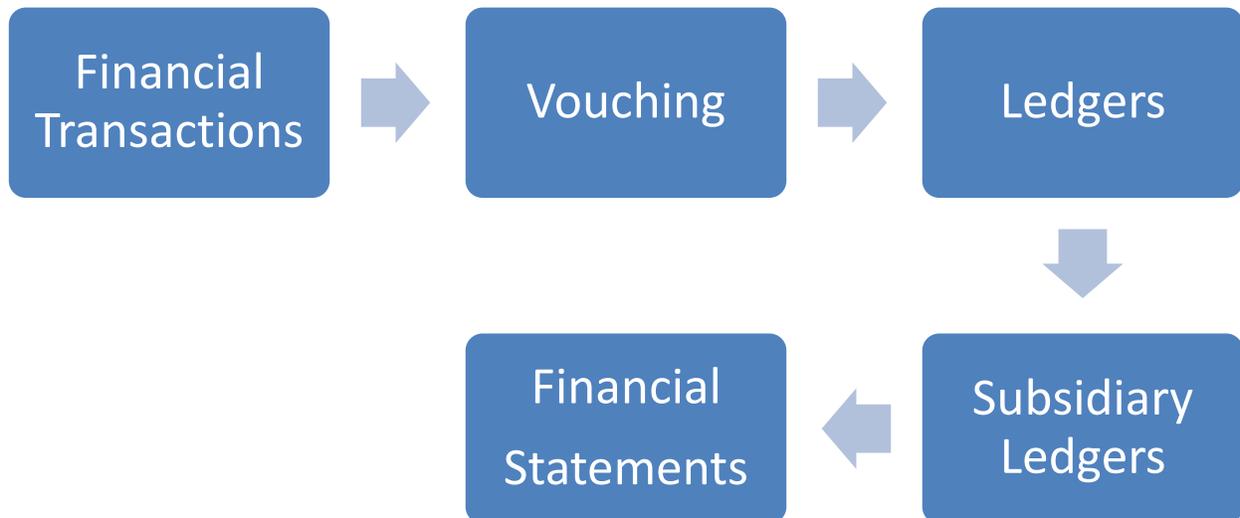
- Review continuously and periodically the books of account and other financial records to ensure that these are in accordance with the cooperative principles and generally accepted accounting procedures
- The accounts committee may perform the internal audit of the association in a regular basis and give suggestions to the board.
- The accounts committee has to submit its accounts related report to the Annual General Meeting.

He made the participants clear about the importance of accounts committee by giving an example of Shepherd and his goat.

Third and last session of the first day was facilitated by **Mr. Shanker Nath Kapali** on the topic “Principle and steps of accounting system and significance of bank reconciliation”. The American Institute of Certified Public Accountants has defined accounting as "the art of recording, classifying and summarizing in a significant manner and in terms of money transactions and events which are in part at least, of financial character, and interpreting the results thereof".

Mr. Kapali explained that the “Accounting is a process of communicating the results of business operations to various parties who are interested or connected with the business, which includes the owners, investors, creditors, government, bank and other financial institutions etc. Accounting is associated with everybody who is interested to keep the accounts of finance or monetary transactions”.

STEPS of Accounting:



He mentioned different types of accounts and necessary supporting documents. He also explained about the concept and importance of trial balance and depreciation. He also focused his session on the topic “Bank Reconciliation”. He made the participants aware of the concept and the importance of the bank reconciliation in an organization.

Bank reconciliation statement is a report which compares the bank balance as per company's accounting records with the balance stated in the bank statement.

It is normal for a company's bank balance as per accounting records to differ from the balance as per bank statement due to timing differences. Certain transactions are recorded by the entity that is updated in the bank's system after a certain time lag. Likewise, some transactions are accounted for in the bank's financial system before the company incorporates them into its own accounting system. Such timing differences appear as reconciling items in the Bank Reconciliation Statement.

The purpose of preparing a Bank Reconciliation Statement is to detect any discrepancies between the accounting records of the entity and the bank besides those due to normal timing differences. Such discrepancies might exist due to an error on the part of the company or the bank.

Importance of Bank Reconciliation

- Preparation of bank reconciliation helps in the identification of errors in the accounting records of the company or the bank.
- Cash is the most vulnerable asset of an entity. Bank reconciliations provide the necessary control mechanism to help protect the valuable resource through uncovering irregularities such as unauthorized bank withdrawals. However, in order for the control process to work effectively, it is necessary to segregate the duties of persons responsible for accounting and authorizing of bank transactions and those responsible for preparing and monitoring bank reconciliation statements.
- If the bank balance appearing in the accounting records can be confirmed to be correct by comparing it with the bank statement balance, it provides added comfort that the bank transactions have been recorded correctly in the company records.
- Monthly preparation of bank reconciliation assists in the regular monitoring of cash flows of a business.

Day 2

The second day began with the review on the subject matters discussed the previous day. There were four sessions in the second day and first three sessions were taken by **Mr. Bishnu Kumar Shrestha**. The first session he facilitated was on “Examination of personal saving and loan calculations”. First he briefly explained about the importance of examination of the savings and loan.

What is saving?

Saving can be defined simply as holding something back from today’s consumption. It means holding something valuable today for future use. Saving is **discipline**, because it teaches people to use their resource in a wise manner and develop an Asset in the future. It is a **sacrifice**,

because it teaches people to give up today's expenses and to with hold valuable resource for future possible out coming instead of consuming immediately. It is planning for tomorrow (future), because it

- Teaches people to anticipating, forecast and preparing for possible risks and emergencies (bad harvest, sickness and death)
- Teaches people to think on starting a new business or expanding existing once.
- Teaches people to anticipating and preparing for upcoming events and expenditures (School fees, Marriage, old age, retirements etc).

Therefore, saving is everything, which can empower human being to have bargaining power, makes him/her self-secured and a person with full confidence.

In the SACCO society, saving is an asset to members, and a liability to the SACCO society. In the SACCO society, saving is collected from member to on lend to members. It is sources of income because it lends to members with interest. This loan interest is the main source of income of the SACCO society. For a SACCO society it is a must to have a regular saving flow from members, to efficiently serve financial services to members.

What is Loan?

Loan is having some one's money for productive, for school fee, etc and that will pay back at agreed period with additional interest. It can be expensive because borrower will have to pay the loan itself with additional interest more than or equal to what it produces. It can be risky because may exposed to risks caused by weather, in come fluctuations, disease and death, that may create a problem for repayment. It can be difficult the poor has more difficulties in obtaining loans than the rich. Local moneylenders, friends, even families and banks are unwilling to lend to people they think will have problems to repay. It can be stressful because loan involves promise to repay to the lender. Failure to repay may mean losing of valuable possessions (cow plot of land) etc or losing good reputation and resections. Therefore loan (borrowing) must be examined and treated carefully and honestly in the SACCO society. The Cooperative should assign people as a Loan committee.

The Loan Committee will inquire carefully and diligently into the reputation and financial condition of each applicant for a loan and the quality of its collateral, if any, to ascertain its ability to repay fully and promptly; recommend to the management the approval or denial of all loan applications; maintain minutes of its meetings and records of its actions and make such reports to the management and the board as may be required.

Mr. Bishnu then took his second session on “Importance of Financial Management and use of financial analysis”.

Cooperatives have objectives other than generating direct profits for its owners. Financial reports contain a lot of information. The main objective of financial analysis is to sort through that information to find useful and relevant data in analyzing a business. Literature is rich with financial analysis tools that examine the performance and strength of businesses. He explained that finance is to business is exactly same as what the blood is to human body.

The characteristics of financial Analysis are:

Relevance – financial information is regarded as relevant if it is capable of influencing the decisions of users.

Faithful representation – this means that financial information must be complete, neutral and free from error.

Comparability – it should be possible to compare an entity over time and with similar information about other entities.

Verifiability – if information can be verified (e.g. through an audit) this provides assurance to the users that it is both credible and reliable.

Timeliness – information should be provided to users within a timescale suitable for their decision making purposes.

Understandability – information should be understandable to those that might want to review and use it. This can be facilitated through appropriate classification, characterization and presentation of information.

Methods of financial Analysis

- **Trend Analysis:** Trend analysis helps determine how the business is likely to perform over time. Trend analysis is based on historical data from the financial statements and

forecasted data from the businesses pro forma, or forward-looking, financial statements.

- **Common Size Analysis:** Common size financial statement analysis is analyzing the balance sheet and income statement using percentages. All income statement line items are stated as a percentage of sales. All balance sheet line items are stated as a percentage of total assets. For example, on the income statement, every line item is divided by sales and on the balance sheet; every line item is divided by total assets. This type of analysis enables you to view the income statement and balance sheet in a percentage format which is easy to interpret.
- **Ratio Analysis:** Ratio analysis is based on the items in financial statements like the balance sheet, income statement and cash flow statement; the ratios of one item – or a combination of items - to another item or combination are then calculated. It is used to evaluate various aspects of a company’s operating and financial performance such as its efficiency, liquidity, profitability and solvency. The trend of these ratios over the time is studied to check whether they are improving or deteriorating.
- **Break Even Analysis:** A financial institution is said to be viable when its assets exceed the different liabilities excluding share capital and reserve fund that is in other words, it is said to be viable if it can generate surplus over its expenses. It is evident that the break-even condition for any financial institution over a period of time is that the net income must be at least equal to the total expenditure.
- **SPREAD:** “Spread” refers to the difference between the "cost of funds" and the “effective yield” to a Cooperative organization on those funds.

Mr. Bishnu concluded the session by saying “A sustainable business requires effective planning and financial management. Financial analysis is a useful management tool that will improve your understanding of financial results and trends over time, and provide key indicators of organizational performance. Managers will use it to pinpoint strengths and weaknesses from which strategies and initiatives can be formed. Funders may use it to measure their own organization results against other organizations or make judgments concerning management effectiveness and mission impact.”

In the third session **Mr. Bishnu** facilitated on the topic “**PEARLS Monitoring System and its Significance**”. He explained that according to World Council of Credit Union (WOCCU) PEARLS is a financial performance monitoring system designed to offer management guidance for credit unions and other savings institutions. It can be used to compare and rank institutions and can provide comparisons among peer institutions in one country or across countries. In total, there are 44 quantitative financial indicators that facilitate an integral analysis of the financial condition of any financial institution. The ratios are grouped under six crucial areas of financial performance which are:

- **Protection:** The primary goal of evaluating the protection indicators, as the heading implies, is to ensure that the financial institution provides depositors a safe place to save their money. Provisions for loan losses are the first line of defense against unexpected losses to the institution.
- **Effective financial structure:** The financial structure is the most important variable that affects growth, profitability and efficiency. An institution has an effective financial structure when assets, financed by savings deposits, generate sufficient income to pay market rates on savings, cover operating costs and maintain capital adequacy.
- **Asset quality:** Asset Quality is the main variable that affects institutional profitability. An excess of defaulted or delayed repayment of loans and high percentages of other non-earning assets have negative effects on credit union earnings because these assets are not earning income.
- **Rates of return and costs:** The Rates of Return and Costs indicators monitor the return earned on each type of asset (use of funds) and the cost of each type of liability (source of funds).
- **Liquidity:** Managing liquidity is an essential component of administering a savings institution.
- **Signs of growth:** Signs of Growth reflect member-client satisfaction, appropriateness of product offerings and financial strength. Growth directly affects an institution's financial structure and requires close monitoring to maintain balance.

He also added that PEARLS can be management as well as supervisory tool for organizations and regulators respectively. He explained that PEARLS provides an objective evaluation of financial performance by reviewing the results of the strictly quantitative indicators. He said that it evaluates the financial structure of the balance sheet and measures growth rates. He concluded his session mentioning PEARLS signals problems before the problems become detrimental, provides a tool to monitor management's progress toward financial goals and offers indicators and standards to supervise the performance of savings institutions.

The final session of the day was facilitated by **Mr. Ramesh Adhikari**. He facilitated a session on the practical exercise on PEARLS Monitoring System. All the participants were asked to bring the financial statements of their organization along with them beforehand so that they can calculate the performance indicators of their own organization and have knowledge on their current position. Though there are 44 indicators of PEARLS only 21 indicators are feasible in cooperatives of Nepal. Same 21 indicators were considered and calculated during the practical exercise².

DAY 3

Third and the last day of the training began with the continuation of the previous day's practical exercise by **Mr. Ramesh Adhikari**. One of the participants presented his findings which helped all the participants get acquainted with how PEARLS helps to understand the financial position of the organization.

Mr. Roop Bahadur Khadka facilitated the session on the topic "Fraud Management". He started his session with the survey done by a Canadian organization KPMG on 1999 regarding fraud in the organization. KPMG took sample of 1000 government and private organization for the research and got following result.

- 20% of the employees are generally honest in the organization
- 20% of the employees are dishonest in the organization
- 60% of the employees if supervised strictly may lead to being honest to the organization

² ANNEX-3: PEARLS Ratio Indicators

Why People Commit Fraud?



The Fraud triangle is a framework designed to explain the reasoning behind a worker's decision to commit workplace fraud.

- **Opportunity:** The situation that enables fraud to occur (often when internal controls are weak or nonexistent). The opportunity to commit fraud is possible when employees have access to assets and information that allows them to both commit and conceal fraud. Employees are given access to records and valuables in the ordinary course of their jobs. Unfortunately, that access allows people to commit fraud. Over the years, managers have become responsible for a wider range of employees and functions. This has led to more access for them, as well as more control over functional areas of companies. Access must be limited to only those systems, information, and assets that are truly necessary for an employee to complete his or her job.
- **Pressure:** The need for committing fraud (need for money, etc.). It might be a real financial or other type of need, such as high medical bills or debts. Or it could be a

perceived financial need, such as a person who has a desire for material goods but not the means to get them.

- **Rationalization:** The mindset of the fraudster that justifies them to commit fraud. The employees may rationalize this behavior by determining that committing fraud is OK for a variety of reasons. For those who are generally dishonest, it's probably easier to rationalize a fraud. For those with higher moral standards, it's probably not so easy. They have to convince themselves that fraud is OK with "excuses" for their behavior.

He not only explained about the reasons behind people committing fraud but also about how to identify the fraudulent activity in an organization, its symptoms and preventive measures.

HOW TO IDENTIFY FRAUD?

- With the help of Internal Control as it can detect undesirable occurrence/ activities after the fact
- Internal Auditors can help identify fraudulent activities in an organization
- Employees information
- Accident or any unexpected event/incident

Symptoms of Fraudulent activity in a cooperative organization can be following:

- Working beyond ones responsibility and authority
- Lavish lifestyle of employee beyond his or her financial status
- Over friendliness between employee and members/clients
- Weak accounting system
- Increment in delinquent amount
- Exchange of password
- De-motivated and negative employee
- Weak internal control system
- Increase in employee turnover

The preventive measures that can be opted are as follows:

- Effective recruitment procedure

- Examining new loan properly
- Visiting clients household
- Proper work division of employees
- Regular and effective monitoring and supervision of internal audit
- Appropriate policy and procedures
- Accounts Management
- Use of appropriate computer software
- Regular bank reconciliation and examine of cash
- Timely regulatory report submission

In conclusion he said that occupational fraud can result in huge financial loss, legal costs, and ruined reputations that can ultimately lead to the downfall of an organization. Having the proper plans in place can drastically lessen the fraudulent activities from occurring or cut losses if a fraud already occurred. Making the company policy known to employees is one of the best ways to discourage fraudulent behavior. Following through with the policy and enforcing the prominent steps and consequences when someone is caught is crucial to preventing fraud. The cost of trying to prevent fraud is less expensive to a business than the cost of the fraud that gets committed.

Final session of the day was taken by **Mr. Bishnu Kumar Shrestha** on the topic “Internal control management and Samples of report.” He explained that the internal control helps organizations understand the risks they are exposed to, put controls in place to counter threats, and effectively pursue their objectives. Therefore it is an important aspect of an organization’s governance, management, and operations. Finally, he presented few samples of the internal control reports.

9. TRAINING EVALUATION AND MAJOR FINDINGS

At the end of the training program, the participants were given structured questionnaire to identify and measure the outcomes of the training event. The questionnaire included both the Likert Scale questions and Open End questions. There were 10 questions in total out of which, question number 1 includes 15 likert scale sub-questions whereas other 9 questions were open ended. The questionnaire was designed to understand perception of participants about the training program, their opinion on overall training event as well as to assess the future needs of such trainings.

In likert scale question, the participants gave highest weightage to 'Suitability of training venue' with 95% or average rating score of 4.8 out of 5. This was followed by "Food provided during training program" and "Experience obtained during training period is useful" which were responded positively with 88% or 4.4 score out of 5. Similarly the participants ranked third to "Overall Training was very good". The trainees gave 87% to aforementioned statement with the score of 4.4 out of 5.

The lowest mark was accorded on the statement, "Training program fulfilled my training objective" with 71% or average score of 3.6 out of 5. CSD regrets to fail in fulfilling the training objectives of participants. It promises to put more efforts on designing and researching on the subject matter and become able to give more insightful knowledge to the participants in future.

The participants were also asked about the elements that they appreciated about the training. Most of the participants felt overall training was important part while some of them quoted following specifics:

- Training materials
- Participatory environment
- Time management
- Simple and understandable presentations by the resource persons
- Experience sharing among the participants

- Management of the training program
- PEARLS Monitoring System
- Fraud Management

In addition, the participants were also asked to state the areas of improvement that could be useful in days to come. The areas of improvement suggested were;

- Provide more of practical exercise
- Consideration of national holidays while determining the dates for training as people prefer spending time with their family in such occasions.
- Provide some refreshment activities in between
- Provide Well-prepared expert trainers if possible

At last the participants were asked about their preference for future trainings. Their feedbacks comprises following points:

- Training on Accounts management
- Monitoring and Evaluation Training
- Training on Business Planning
- Training on Fraud Management
- Training on Motivation and Leadership skills
- Internal Audit Training
- Proposal and Report Writing Training
- Human Resource Management

A total of 50%, 35% and 15% participants evaluated the overall training as 'Excellent', 'Very Good' and 'Good'. None of the participants evaluated the event as 'Not Good' and 'Bad'³.

³ ANNEX 4: Consolidated Evaluation Sheet

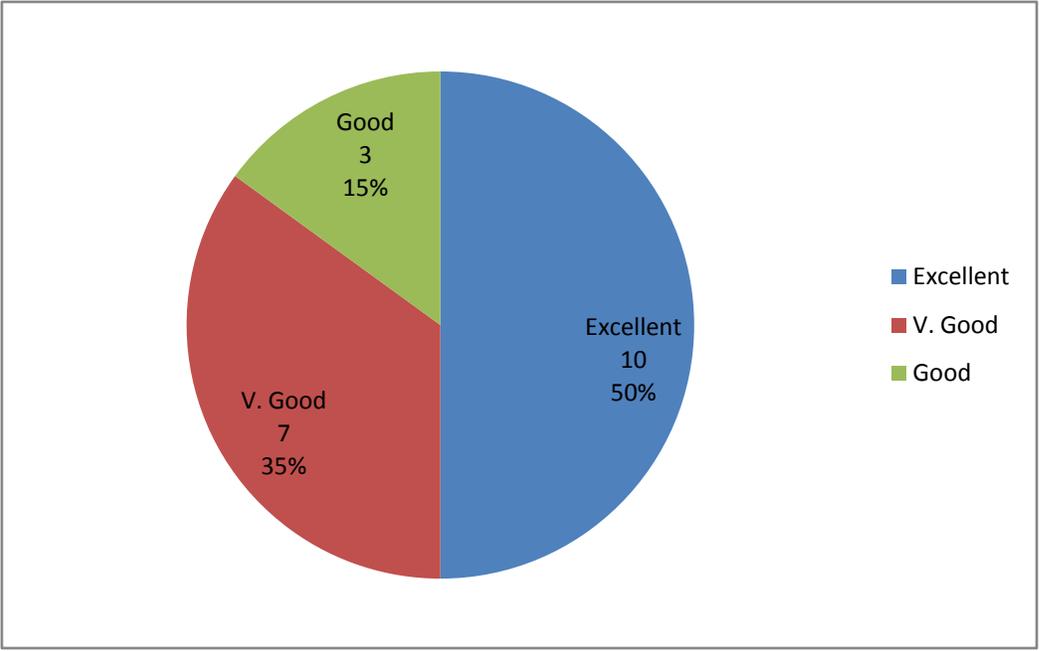


Figure 2: Evaluation of Overall Training Program

10. VALEDICTORY SESSION

Mr. Shankar Man Shrestha, Chairman of CSD, along with the Officiating Executive Director of CSD- **Mr. Shanker Nath Kapali** was present at the valedictory session.

Ms. Abhilasha Poudel first thanked the Chairman of CSD **Mr. Shankar Man Shrestha** for his presence and all the participants for their learning attitude. She requested **Mr. Shankar Man Shrestha**, to kindly Chair the closing ceremony. Ms. Abhilasha then requested Deputy Director of CSD, **Mr. Satish Shrestha** to present his report on the training program. She then requested the chairman to proceed with the closing session.

The highlights of Mr. Shankar Man Shrestha, CSD Chairperson, were:

Mr. Shrestha asked four of the participants to appraise the training program. He then expressed his view regarding the current performance of the Cooperative institutions. He mentioned that Cooperative is the best model for the economic development of the country. It can bring revolution in the country. Therefore, they must work sincerely and work for the betterment of the community. People working in cooperative should not take it as business but as an organization committed to socio-economic development.

He said we must always ask following questions to ourselves: “Who am I? What am I for? and What should I do?”. He said we should never think what we have got but should think more about what we can give. Whoever works with heart and soul will definitely gain much more in return.

Mr. Shrestha expressed that Cooperative should focus in bringing change in the status of the poor in terms of economic and social ground. He also urged all the participants to ask themselves whether they are satisfied with their own job or not. It is very essential to be satisfied with what job we are doing but it is more important to know whether the clients are satisfied with the services provided or not. He urged them to work sincerely to have a sustainable organization and put effort on building the capacity/quality of the client.

He asked all the participants to have learning attitude. The more patience we have for learning the more successful we become. He urged all the participants to use the best of skills and knowledge acquired during the training period in their jobs. Then only they can enhance the quality of their services to the people.

The Chairman also distributed the certificates of achievement to the participants and congratulated all the participants for completing the training successfully

Finally, Mr. Shankar Man Shrestha concluded by saying that training will be successful only if the knowledge gained could be put into action by the participants. He thanked all the participants, resource persons and others who provided support to the training program directly or indirectly for making this training a successful event.

11 PHOTOGRAPHS OF THE TRAINING



One of the participants introducing himself



A view of the class room session



Review Group reviewing previous day's learning



Resource Person Mr. Bishnu Kumar Shrestha during training session



Resource person Mr. Ramesh Adhikari with the participants during practical exercise



One of the participants sharing his views



Resource person Mr. Roop Bahadur Khadka taking a session



Participants amid the training program

LIST OF THE PARTICIPANTS

SN	Name of Participants (In BLOCK Letter)	Organization	Contact Number	Email
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DETAILS OF THE COURSE CONTENTS

Date and Time	Training Program
Thursday 2072/01/03	
9:30 – 10:00	Registration of the participants
10:00 – 11:15	<ul style="list-style-type: none"> - Opening of the Training Program - Objectives of the training - Introduction and group formation - Expectation Collection
11:15 - 11:30	(Tea Break)
11:30 - 01:00	The participants will share their views on current practices of financial analysis and roles of account committee in their organizations
01:00 - 01:30	(Tiffin Break)
01:30 - 03:00	Concept and roles & responsibilities of Accounts Committee
03:00 - 03:15	(Tiffin Break)
03:15 - 04:45	<ul style="list-style-type: none"> - Principle and steps of accounting system - significance of bank reconciliation
Friday 2072/01/04	
10:00 – 10:15	Review
10:15 – 10:45	Examination of personal saving and loan calculations
10:45 – 12:00	(Tea Break)
12:00 - 01:30	Importance of Financial Management and use of financial analysis
01:30 – 02:00	(Tiffin Break)
02:00 - 03:15	PEARLS Monitoring System and its Significance
03:15 – 3:30	(Tea Break)
03:30 – 04:45	Practical exercise on PEARLS Monitoring System

Saturday 2072/01/05	
07:00 – 07:30	Breakfast
7:30 – 09:00	Practical exercise on PEARLS Monitoring System (Contd...)
09:00- 11:00	Fraud Management
11:00 – 11:30	Lunch Break
11:30 – 12:30	Internal control management and Samples of report
12:30 – 12:45	Training Evaluation
12:45 – 01:00	Tea Break
01:00 – 2:00	– Closing Ceremony
2:00	End of the program

PEARLS Ratios Indicators

	P=Protection	Goals	Ratio	Remarks
P1	Allowance for loan losses delinquency > 12 months	100%	100%	Excellent.
	Formula: Allowance for loan loss for loan delinquent > 12 month *100 Loan balance of all delinquent loan > 12 Months 117,861.05/117,861.05			
P2	Purpose: To measure adequacy of loan loss allowance.	35%	0	
	Net allowance for loan losses delinquency from 1 to 12 months Formula: Allowance for loan loss for loan delinquent 1 to 12 month *100 Balance of all delinquent loans outstanding from 1 to 12 months Purpose: To measure adequacy of loan loss allowance.			

	E = Effective Financial Structure	Goals	Ratio	Remarks
E1	Net Loans/Total Assets Formula: Total Gross Loan Portfolio-Loan Loss Allowance *100 Total Assets 9,873,501.95/13977071.99*100 Purpose: To measure % total assets invested in loan portfolio.	70-80%	71%	Good.
	Members Savings Deposits/Total Assets Formula: Total Member Deposits *100 Total Assets 11043061/13977071.99*100 Purpose: To measure % total assets finance by member savings deposit.			
E5		70-80%	79%	good.

E6	External Credit /Total Assets Formula: External Credit *100	Max. 5%		No external loan has been taken.
	Total Assets Purpose: To measure % total assets finance by external credit.			
E7	E7 Member Shares /Total Assets Formula: Total Member Shares *100	10- 20%	9.04	Can be considered as good.
	Total Assets 1263200/13977071.99*100 Purpose: To measure % total assets finance by member shares.			
E8	E8 Total Institutional Capital /Total Assets Formula: Total Institutional Capital *100	Min 10%	10%	Good.
	Total Assets 1340408.21/13977.71.99*100 Purpose: To measure % total assets finance by institutional capital.			

Institutional Capital is defined as all legal and non-distributive reserves, capital donation and portion of the current year's surplus that will be retained as legal or non-distributable reserves. These reserves are not expended and no member may present an individual claim.

A = Assets Quality		Goals	Ratio	Remarks
A1	Total Delinquency/Gross Loan Portfolio Formula: Sum of Delinquent Loan Balance *100	Less than 5%	1%	Excellent.
	Gross Loan Portfolio 117861.05/9991363*100 Purpose: Measure % delinquent loan.			
A2	Total Non-earning Assets/Total Assets Formula: Total Non-earning Assets *100	Less than 5%	37.11	The higher the ratio, the more difficult it is to generate sufficient earning.
	Total Assets 3708185.2/9991363*100 Purpose: To measure % total assets that is not producing income.			

A3	Net Institutional & Transitory Capital + Non interest bearing Liabilities/Non-earning Assets Formula: Institutional Capital (Reserve) + Non interest bearing Liabilities *100	More than 100%	45%	
	Non-earning Assets 1340408.21+330402.78/3708185.2*100 Purpose: To measure % non-earning assets financed with institutional capital and liabilities without interest.			

- 1 **Non-earning Assets : Building, furniture, land, pre-paid expenses, office supplies inventory, cash in hand & cash in current a/c**
- 2 **Finance 100% of all non-earning assets with the credit union's institutional capital, or with other liabilities that have no explicit financial cost.**

	R = Rate of Return & Cost	Goals	Ratio	Remarks
R1	Net Loan Income to Average Net Loan Portfolio Formula: Net Loan Income	Entrepreneurial Rate	7%	
	Average Net Loan Portfolio 607690.74/8734030.5*100 Purpose: To measure the % yield on the loan portfolio			
R6	Total Interest Cost on External Credit to Average External Credit Formula: Interest on External Credit *100	Market Rate		No borrowed fund.
	Average External Credit Purpose: To Measure the yield (cost) of all Borrowed Funds.			

R7	<p>Total Interest (Dividend) on Shares to Average Member Shares</p> <p>Formula:</p> $\frac{\text{Interest (Dividend) on Shares} * 100}{\text{Average Member Shares}}$ $\frac{15627.49}{1133950} * 100$ <p>Purpose: To measure the yield (cost) of Member Shares.</p>	15%	1%	
	<p>Total Gross Income to Average Total Assets</p> <p>Formula:</p> $\frac{\text{Total Gross Income} * 100}{\text{Average Total Assets}}$ $\frac{1455541.57}{12101408.57} * 100$ <p>Purpose: T measure the gross income margin</p>	Linked to R9,R11,R12	12%	
R9	<p>Operating Expenses/Average Total Assets</p> <p>Formula:</p> $\frac{\text{Total Operating Expenses, w/o Loan Loss Provision} * 100}{(\text{Opening +Closing Assets})/2}$ $\frac{651576.01-117861.05}{12101408.57} * 100$ <p>Purpose: To measure the cost associated with the management of all Credit Union assets.</p>	5%	4.41%	
	<p>Net Income /Average Total Assets</p> <p>Formula:</p> $\frac{\text{Net Income} * 100}{(\text{Opening +Closing Assets})/2}$ $\frac{138910.98}{12101408.57} * 100$ <p>To measure the adequacy of earnings and also, the capacity to build Institutional Capital.</p>	Enough to attain the goal of E9	1%	

L = Liquidity		Goals	Ratio	Remarks
L1	Liquid Assets - Short-term payables /Member Deposits Formula: Bank Deposit +Liquid Assets - Total Payables <30 days	Min.15%	32.92%	
	Total Member Savings Deposits 3635597.16/11043061*100			
Purpose: To measure adequacy of liquid cash.				
L2	Liquidity Reserve/Saving Deposits Formula: Bank Deposit +Liquid Assets	10%	32.92%	
	Total Member Savings Deposits 3635597.16/11043061*100			
Purpose: To measure compliance with obligatory Central Bank, CF, or Other.				
L3	Formula: Non earning Liquid Assets (Cash on Hand)	Less than 1 %	0.25	Good.
	Total Assets 34992/13977071.99*100 Purpose: To measure the percentage of total assets that is invested in non-earning liquid accounts.			

S = Sign of Growth		Goals	Ratio	Remarks
S10	Growth in Membership Formula: # of Members for current year - # member last year end)*100	More than 12%	3%	
	# of Members at last year end 719-696/696*100 Purpose: To measure the year-to-date growth in Membership of the Credit Union.			
S11	Growth in Total Assets Formula: (Total Assets for Current Year - Total Assets of last year end) *100	Greater than inflation rate	37%	
	Total Assets at Last Year End 13977071.99-10225745.15 /10225745.15*100 Purpose: To measure the year-to-date growth of Total Assets.			
Note:	Member this year end Member last year end	719 696		

CONSOLIDATED TRAINING EVALUATION BY THE PARTICIPANTS

S.N.	Particulars	Ratings	Overall Ratings	Percentage	Ratings for each particulars				
			Avg. Ratings (Out of 5)		Excellent (5)	Very Good (4)	Good (3)	Not Good (2)	Bad (1)
1	This training fulfilled my training objectives	71	3.6	71%	2	8	9	1	0
2	Objectives of training have been clearly defined	80	4.0	80%	4	12	4	0	0
3	Training provided practical knowledge	73	3.7	73%	4	8	6	1	1
4	Participation and discussion was encouraged in the training period	78	3.9	78%	6	8	4	2	0
5	The subject/topic introduced in the training were properly organized and were easy to learn	83	4.2	83%	6	11	3	0	0
6	Training materials were useful for training	81	4.1	81%	9	6	2	3	0
7	Experience obtained during training period are useful	88	4.4	88%	11	6	3	0	0
8	The facilitators were fully prepared and up to date for training	83	4.2	83%	9	5	6	0	0
9	Time management was effective during the training	83	4.2	83%	6	11	3	0	0
10	Training was conducted in an organized manner	84	4.2	84%	7	11	1	1	0
11	After training, the knowledge obtained were useful for tackling the problem arises on work	77	3.9	77%	5	9	5	0	1
12	After training, it is possible to increase the quality of the organization	84	4.2	84%	9	7	3	1	0
13	Training venue is suitable	95	4.8	95%	15	5	0	0	0
14	Food provided during the training was good	88	4.4	88%	9	10	1	0	0
15	Overall, training was very good	87	4.4	87%	10	7	3	0	0

