

The World Bank

**Assessment of Localities' Compliance
with Minimum Qualifying Criteria and
Identification of their Capacity Needs in
Northern Sudan, World Bank/LICUS**

Abu Gibeha

Assessment report

September 2006

COWI

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Table of Contents

1	Introduction	3
1.1	Abu Gibeha	4
1.2	Assessment context	5
2	Minimum qualifying criteria	6
2.1	Development planning and budgeting capacity	6
2.2	Fiscal capacity and financial management	7
2.3	Procurement	8
2.4	Functioning of political institutions	8
2.5	Staff functionality	8
3	Capacity Building Support Access criteria	10
3.1	Capacity building plan	10
4	Performance assessment	11
4.1	Development planning and budgeting capacity	11
4.2	Fiscal capacity	12
4.3	Financial management and audit capacity	13
4.4	Procurement capacity	13
4.5	Transparency and accountability	14
4.6	Functioning of political institutions	15
4.7	Human resource development/capacity building	15
4.8	Project supervision and monitoring	15
5	Conclusions	16
5.1	Compliance with Minimum qualifying criteria	16
5.2	Compliance with Capacity Building Support Access criteria	17
5.3	Capacity building needs and functional gaps based on performance indicators	17

6	Issues arising	20
	Appendix A: Check list	21
	Appendix B: People met	41
	Appendix C: Documents made available and consulted	42

1 Introduction

A Community Development Fund project, executed by the Ministry of Finance, and funded by the Northern Sudan Multi-Donor Trust Fund is planned to provide urgently needed local public infrastructure and, in the longer term, to establish the capacities, mechanisms, and procedures in selected localities to enable them to support sustainable, locally-led development.

In the short-term a Programme Implementation Unit will be responsible for transferring funds for locally defined priority projects in the localities while over time the project will build the capacity of localities to plan, allocate resources and implement and manage such investments on their own. It is expected that some localities here and now will be able to efficiently manage such grants for improved service delivery at the community level, while other localities through the support will develop the necessary capacities over time.

In support of these objectives a capacity assessment of 16 selected localities in Northern Sudan was undertaken to:

- 1) Identify localities that comply with the Minimum Qualifying criteria (MQC) for accessing funding under the community development window of the CDF programme.
- 2) Identify localities that comply with the Capacity Building Support Access Criteria (CBSAC) for accessing funding under the capacity development window.
- 3) Assess the functional capacity needs of localities using the tentative Performance indicators.

This report is the capacity assessment of Abu Gibeha, which supplements similar reports for each of the 15 other localities assessed.

All the localities have been assessed based on the same set of criteria and performance indicators that were defined in a separate exercise. The criteria and indicators focus on functional areas such as planning, budgeting, financial management, human resource management, political institutions, etc., and reflect the legal framework in place in 2005 combined with a vision of decentralised local governance. However, since 2005 new State constitutions and state local government acts have been developed, and in three of the four states involved in the assessment the new legal frameworks are not yet approved.

The assessment was undertaken by COWI A/S in collaboration with DEGE Consult Ltd over a period of two weeks in September 2006. Four different sub-teams covered the 16 localities. Each sub-team was composed of an international consultant and two Sudanese representatives from local or national governments, private sector or the NGO sector. The teams spent one to two days in each locality interviewing relevant staff and political representatives, and reviewing relevant available documentation. The assessments were guided by a checklist based on the toolkit which was filled by all team members to ensure a systematic coverage of all the capacity criteria and indicators. Moreover, the State administrations in Blue Nile and North and South Kordofan were visited for interviews on the decentralisation setup and projected future arrangements in the given State.

The structure of the report follows the presentation of functional areas in the toolkit. Following the introduction, chapter 2 addresses the locality's compliance with the MQC. Chapter 3 looks at the locality's compliance with the Capacity Building Support Access Criteria. Chapter 4 assesses the locality's capacity based on the performance indicators. The conclusions regarding the locality's compliance with the MQC, CBSAC and assessment of functional gaps and capacity needs are presented in chapter 5. Here summary tables on the MQCs and performance indicators are also presented for easy reference. Issues arising from the assessment of relevance to future assessments are presented in chapter 6. The appendices include, among other, a summary of the relevant checklist filled by each sub-team.

It is noted that the 2006 assessment is the first assessment of the capacity of the localities under the CDF programme and the findings will serve as a baseline for future assessments, including the definition of performance criteria. In addition, a synthesis report outlines the general capacity level and challenges of the localities in Northern Sudan, including considerations regarding capacity building strategies.

1.1 Abu Gibeha

Abu Gibeha locality, located in the Eastern part of South Khordofan State has a population of 131,489. Most of the area occupied by the locality is flat and muddy during the rain season. The locality receives good rains during the year and is one of the areas that were affected by war.

Abu Gibeha consists of five administrative units and 179 People's Committees. The locality has a total of 1,372 employees including teachers, 47 of these employees are at the locality headquarters.

Abu Gibeha is a rural locality and the main economic activities are agriculture and livestock keeping. Abu Gibeha locality has been selected to benefit from support under the CDF project. The Local Implementation Unit is in place and a special bank account has been opened for receiving funds from CDF. There is Steering Committee in place for overseeing CDF activities and expects to have its first meeting two days after the date of the assessment.

1.2 Assessment context

The assessment of this locality was affected by poor record keeping making it difficult to access the information on time. Some of the records were scattered and not properly filed. In some cases there were no files at all for example, the locality does not maintain a file for external audit. It was thus difficult to review issues raised by the external auditors and how they have been dealt with. The locality was also not well prepared for the assessment although they had prior information that a team will visit the locality to assess its compliance with minimum qualifying criteria and performance against the performance indicators.

2 Minimum qualifying criteria

2.1 Development planning and budgeting capacity

Functioning of the Locality Executive Committee in development planning.

The Executive Committee is not in place and therefore not involved in development planning. The annual plan 2006 was prepared based on inputs from department heads on various projects to be implemented in 2006. These projects were then included in the annual budget – Chapter 4.

Timely and council approved annual social and economic plan: The legislative council is not in place. It will be formed after the approval of the State Constitution and State Local Government Act. The annual plan 2006 that is in place therefore was not approved by the legislative council instead it was included as part of the budget for 2006 and sent to the State for approval by the State Council of Ministers.

Although the plan contains a list of priority projects, it was not signed by the Commissioner and it does not include project profiles.

Existence of a timely and Legislative Council approved annual budget: for the reasons stated above the legislative council is not in place therefore the annual budget was forwarded to the State for approval. The annual budget was signed by the Executive Director and the Director of Finance and was prepared in line with the budget guidelines issued by the State. The locality was assisted by a technical team from the State to finalise the budget prior to submission to the State for approval.

The budget was completed and approved late during the year as indicated by letter dated 27th May 2006 with reference 20/A/1 written by the Executive Director State Ministry of Finance to the Commissioner, informing the latter that a team will visit the locality to assist in budget preparation. Therefore the process of finalisation and approval of the budget was not complete by the end of December 2005 as required.

Clear link between annual plan and annual budget: There is a clear link between the annual budget and the annual plan. Projects included in the annual plan with total cost of SDD 246,100,000 have been included in the annual budget under Chapter 4.

Capture of operational costs in the budget derived from the capital investments: There is no clear link between the operational costs included in the budget and the capital investments. The budget is not presented in a way making it possible to establish a direct link between the two. Further, there is no documentary evidence of consent to meet operational costs from the relevant authorities. The annual plan and budget were submitted to the state for approval but the locality has not received formal feedback on approval.

Capture of maintenance costs in the budget derived from the capital investments: There is no clear evidence that provisions have been made to meet maintenance costs of the capital investments. As in the case of operational costs the budget for maintenance costs is not or structured such that one can establish a link between the costs and specific projects. Also there is no clear maintenance strategy for capital investments.

2.2 Fiscal capacity and financial management

No decrease in own revenues in nominal figures from the previous year-but-one to the previous year: Collection of revenues from own sources between 2004 and 2005 increased by SDD 4,885,577. This is an increase of 5% in nominal terms as summarised in the table below:

Year	Own revenue collections (SD)
2004	89,252,081
2005	94,137,658
Difference	4,885,577 (5% increase)

Co-funding requirements complied with for capital investments: The CDF project started recently and projects to be funded through CDF have not been prepared and approved. Although a separate bank account for receiving funds and channelling locality contribution has been opened in May 2006 the co-funding requirement is not yet relevant to this locality since the projects have not yet been approved.

Entire final accounts for the previous financial year produced on time and submitted for audit: The final accounts for the year 2005 were completed, signed by the Executive Director and Director of Finance, and submitted for audit. Although the locality claims to have submitted the final accounts for audit in January 2006, there is no documentary evidence to confirm this since the accounts were submitted without a covering letter.

All books of accounts maintained up-to-date, including bank reconciliation: All books of accounts are maintained and the bank reconciliation statements are prepared. The books are up to date except the Housing Account bank book and control book and related adjustments. The control book and adjustments lag behind for one month.

Project specific bank account(s) opened and ready for operations: The locality has opened a specific account for receiving funds at the Agricultural Bank of Sudan, Abu Gibeha Branch. The account was opened under instructions from the CDF Implementation Project Director and the signatories are the LIU Manager and LIU Accountant. The account is ready for operations.

Internal audit function in place, including quarterly reports submitted to the Council and the State: The Internal Audit function is in place and functional. The Internal Auditor produces regular reports as required and submits the reports to the State.

Clean audit report for the last audited year: The latest audited accounts available are for the financial year ended 31st December 2004. The audit report covers all government institutions in the State, there is no separate report for the locality and the report do not contain an audit opinion on the financial statements. A review of the audit file reveals some of the issues that the external auditors raised during their audit of 2004 accounts. These were minor issues and were acted on by the management of the locality.

No major financial irregularities noticed during the year and/or irregularities unsettled from previous years: A review of the audit report and audit files (both internal and external audit files) indicates that there were no major financial irregularities during the year. Also, we did not find evidence of previous years' irregularities that remained unsettled.

2.3 Procurement

Tender evaluation committee has been established and tender procedures are as per the regulations: An ad hoc procurement committee is established by the Executive Director to consider procurements. For example the committee whose members were the Administration Officer (Chairman), Storekeeper (Secretary), technical staff (depending on the type of items procured) and the Internal Auditor, formed to consider procurement related to construction of two offices. There committee handled all phases of the procurement, including technical evaluation of the bids (no separate Technical Evaluation Committee).

2.4 Functioning of political institutions

Legislative Council in place and operational: The Legislative Council is not in place yet due to the pending State Constitution and local government act. Once these legislations are approved elections will be conducted and the Legislative Council democratically elected will be in place.

2.5 Staff functionality

Position of Executive Director filled with requisite qualifications: The locality has a total number of 1,372 of which 47 are at the locality headquarters. The position of Executive Director is filled with a person with appropriate level of education and experience. The Executive Director is a University graduate and

has many years of experience in local government as an administrator, later on promoted to Assistant Executive Director and Executive Director effective from 8th May 2006.

Head of Administrative and Finance Affairs Section filled with requisite qualifications: The position is filled with a person with about 26 years of experience in local government. All this period the Director of Finance has been in the accounts department and was promoted to the position of head of department on 12th March 2003. He has a certificate of Higher Secondary School Education and has done a short course in Accountancy. While the person's experience are adequate his academic qualifications are questionable.

3 Capacity Building Support Access criteria

3.1 Capacity building plan

Capacity building/training plan in place specifying how the capacity building support will be spent: A capacity building or training plan does not exist for Abu Gibeha. The State identifies capacity building needs and priorities, arranges for the capacity building programmes and communicates to the locality which then nominates participants.

Human resource function in place (designated unit/person). The human resources function is provided for in the structure, under the Finance and Administration Affairs department. The position of Personnel Officer who handles human resources management issues is filled as confirmed by letter dated 11th May 2005 with reference number 50/01/2/M9 issued by the Executive Director of Public Service, State Ministry of Finance, Economics and Manpower.

4 Performance assessment

4.1 Development planning and budgeting capacity

Existence of a participatory planning process: We were informed that the People's Committees are involved in the planning process by initiating projects in their local communities and submitting them to the locality for consideration. We did not find evidence of minutes of these committees showing discussion of projects/plans, or correspondence between the committees and the locality for either submission of project proposals or comments on projects/plans. Therefore if such committees are involved their level of participation is very limited.

There are NGOs operating within the locality but we did not find any evidence of harmonisation of participatory planning approaches and processes of NGOs with those of the locality. The recent formation of LIU Steering Committee whose membership includes representatives from all NGOs is expected to bring among other things such harmonisation of approaches.

It is not explicit in the plans and planning process whether the needs of special groups are captured and there is no evidence of desk and field appraisal of development projects.

The Legislative Council and Executive Committee are not in place, therefore no discussion of the plan at these two levels. The priority investments included in the plan are submitted to the State for approval by the State Council of Ministers and State Assembly. However, we did not find any documentary evidence of such approval by the State.

Quality of the annual development plan: Although the locality has an annual development plan in place the quality of the plan is at a low level. The annual development plan does not: provide background information to the Locality; describe the participatory planning process through which it was developed; analyse the locality-peculiar challenges and opportunities; outline the prioritised investments to address the identified challenges; propose the strategies the locality will use to implement the annual plan; and the strategies through which the locality will monitor and evaluate the annual plan.

The plan has an indication of the costs of each investment without showing the source of funding and detailed investment profiles for each project are not attached to the plan.

Comprehensive/strategic medium term (3-4 years) plan in place: As in the case of an annual plan, there is a strategic plan covering a period of five years. The plan contains a list of projects/activities and how much they will cost for each of the five years. Again, the plan does not indicate funding source and it does not meet the quality of a strategic plan. For example, it does not provide: background information about the locality; process through which it has been developed; analysis of strengths, weaknesses, challenges and opportunities; vision, goals and objectives; analysis of cross cutting issues; implementation strategies and strategies for monitoring and evaluation.

Budgeting capacity: The budgeting process takes into account the performance of the previous periods as a guide to future performance. The guidelines issued by the State for budget preparation require a locality to present prior year's figures for comparison. Abu Gibeha took this requirement into consideration in the 2006 budget.

Revenue projections are not made over the medium term (3-4 years). This contributes to the difficulty of determining the resources envelope that is available to a locality when preparing the budget. Also the budgeting guidelines from the State do not indicate the resources within which a locality should prepare its budget. The guidelines only stress the importance of consideration of ability to collect own sources of revenue and prepare the expenditure side of the budget accordingly. Comparing the approved expenditure budget (chapter 2 & 3) for 2006 with approved local revenue there is a funding gap of SDD 24,610,000. Apparently this funding gap represents 10% of chapter 4 budget which the locality believes to be their contribution to development funding. This is not covered by the available revenues from local sources!

The locality's budget prediction capacity/execution performance (% of deviation from budget) is low. The percentage deviation from the budget in 2005 was 55%; the locality collected only 45% of the approved estimates.

Budget deviations are approved when the locality spends more than what was approved in the annual budget or where there is reallocation from one budget item to another, the reallocation must be approved. We noted evidence of an application by the Executive Director to the State Ministry of Finance for reallocation of funds dated 3rd August 2006 with reference number 20/Z/1.

The allocation to services prioritized in the PEAP is not separately identifiable in the budget. The locality did not have supporting schedules for the budgets on the basis of which we could identify the allocation to priority sectors. The locality allocated 48% of the total budget to non chapter 1 items.

4.2 Fiscal capacity

Revenues: The collection of revenue from own sources between 2004 and 2005 increased by 5%. In year 2005 Abu Gibeha locality collected only 45% of the approved revenue collection budget. Despite this low level of collection

against the budget, the locality does not have clear strategies for improving revenue collection from own sources.

Revenue management (administration): As mentioned above, revenue collection is below the target. Accountability measures on revenue collection are in place. Relevant financial forms are used in revenue collection and accounting and the records are up to date. Revenue collections are remitted to the Treasurer following the laid down procedures. Local communities are not given feedback on revenue collections and how they have been used.

Expenditures: Total administrative expenditure (chapter 2) in 2005 was 138.6% of revenue collected from own sources implying that the locality is spending more than what it collects. This is likely to increase the level of liabilities unless there is an external source of financing this gap. It is not clear from the budget how much was allocated to meet the costs of the Legislative Council. Also, it is not clear how much of the amount spent on capital investments in 2005 was financed by own revenue. However, it is a general understanding that this component is funded by transfers from the State government.

4.3 Financial management and audit capacity

Budget execution and cash flow: The locality does not have a system of managing the cash inflows and outflows to ensure payments are made on time and a system of commitment control is not in place. However, a close examination of the draft accounts for the year 2005 indicates that the locality has adequate liquidity to meet its maturing obligations.

Accounting: As noted under MQC the locality maintains all the relevant books of accounts and generally they are up to date except for the Housing account bank book and control book. The control book contains among other details, columns for creditors and debtors therefore no separate registers are kept for capturing creditors and debtors. Assets of the locality are registered and a list maintained in a file. This list is updated annually when physical inspection is undertaken. Financial forms and other documents of accountability are locked and a register is maintained to record movement of these forms.

Internal Control: The internal audit function is in place and operational as evidenced by various reports produced. There is evidence of follow up of internal audit reports by management of the locality. Abu Gibeha locality relies on national policies, guidelines and procedures for its system of internal control. There are no internally prepared policies and procedures to ensure compliance with State guidelines and policies; safeguard against mismanagement, errors, frauds and irregularities; safeguard against conflicts of interest; etc.

4.4 Procurement capacity

Procurement Organs: The Executive Director sets up a committee whenever the need for procurement arises. This is an ad hoc committee acting both as the Procurement Committee and Technical Evaluation Committee. The Committee

considers all the procurement proposals, evidenced by minutes with reference 9/6/1 of 14th April 2005 which considered construction of two offices and minutes dated 27th April 2005 to evaluate bids for the supply of bricks.

The committee makes a recommendation to the Executive Director for approval and we did not see evidence of non adherence to the recommendations of the committee. The Commissioner is not involved in the procurement process.

Procurement Process: The locality does not have a procurement plan in place. Procurements are advertised and proper criteria are used in evaluation of bids. We did not find evidence of advertisements of tender awards or of information to those who submitted their bids on results of evaluation. Only the winner is informed about the results for purposes of proceeding with other stages of the procurement process. There is no communication to the communities about tender awards. For contracts involving construction the bills of quantities are prepared as required.

4.5 Transparency and accountability

Downward reporting/accountability: There is very limited downward reporting/accountability from the State government to the locality and from the locality to the local communities/general public. There are no indicative planning figures from the State therefore nothing to communicate to lower levels. There is no communication of information on approved projects in the approved plan, approved budgets, receipt of funds allocated for implementation of projects, and information on audited accounts and audit opinion. Information on projects is only communicated to areas where the projects are implemented. There is no formal mechanism for wide circulation of information for public knowledge of what is happening in the locality. The public can access the information at the locality on request and through their People's Committees.

Horizontal accountability: There is no regular flow of information among the departments. Information flows are on ad hoc basis when there is an issue that cuts across two or more departments. Likewise, there is limited sharing of information between the non-state actors and the locality. A recent establishment of the Steering Committee by the CDF LIU is likely to create avenues for improved sharing of information.

Upward accountability: There is regular flow of information from the locality to the State. However, we were not able to confirm whether the flow of information is timely. Reports are submitted to the State without covering letters. On the other hand, the State does not acknowledge the receipt of these reports in writing, therefore difficult to establish whether the reports were submitted on time.

The submission of the required reports to the project implementation committee is not applicable at this stage. This will follow after receiving funds from CDF for development and/or capacity building.

4.6 Functioning of political institutions

Locality Legislative Council: The Legislative Council is not in place for the reasons stated earlier. The indicators under this section will be relevant at a later stage when the council is in place.

People's Committees: The locality has not developed guidelines and a plan for mentoring People's Committees in order to improve their performance. There is no evidence that the locality has actually trained these committees and there is no evidence of the locality providing feedback to the committees on their performance.

4.7 Human resource development/capacity building

Capacity building planning process: The locality has not carried out capacity building needs assessment and developed a training or capacity building plan. Capacity building and training activities are carried out by the State government. The state organised training on good governance, local government finance and administration.

Quality of the capacity building plan: The plan is not in place therefore this section is not relevant at this stage. It will only be relevant when the locality is given full autonomy to identify its capacity building needs and plan accordingly.

Capacity building implementation: Planning and implementation of capacity building/training programmes is handled by the State, therefore this is not relevant at this stage. However, it will be relevant when the locality prepares and implements its own plan.

Monitoring of capacity building: Since training/capacity building activities are handled by the State, locality does not receive reports on these activities. Monitoring and evaluation of the training/capacity building activities are also not done by the locality.

4.8 Project supervision and monitoring

Contracts management and technical supervision: Contracts are in place for all projects implemented by the locality. Payments are made according to the terms of the contracts and with appropriate certification. Technical staff is involved in monitoring to ensure compliance with technical specifications and project implementation time schedules.

Monitoring and reporting. The technical staff is involved in conducting inspections to ensure compliance with technical specifications. We did not however find evidence of a clear strategy for monitoring and evaluation of projects. Also there is no evidence of technical reports on progress monitoring and evaluation of projects. We only had access to certificates of completion issued after technical inspection of projects. The Executive Committee is not in place to discuss progress monitoring and technical inspection reports.

5 Conclusions

5.1 Compliance with Minimum qualifying criteria

As seen from the table below, Abu Gibeha meets nine out of the 18 Minimum Qualifying Criteria while two may not be applicable to the locality. The locality does not qualify to receive development funds.

Minimum Qualifying Criteria: Summary of status

Criteria	Compliant	Not compliant	N.A.
Development planning and budgeting capacity			
Functioning of the Locality Executive Committee in development planning		X	
Timely and council-approved annual social and economic plan		(X)	
Timely and Legislative Council-approved annual budget	X		
Clear link between annual plan and annual budget	X		
Capture of operational costs in the budget derived from capital investments		X	
Capture of maintenance costs in the budget derived from the capital investments		X	
Fiscal capacity and financial management			
No decrease in own revenues in nominal figures for the previous-year-but one to the previous year	X		
Co-funding requirements complied with for capital investments			X
Entire final accounts for the previous financial year produced on time and submitted for audit	X		
All books of account maintained up to date		X	
Project specific account opened and ready for operations	X		
Internal audit function in place, including submission of quarterly reports to the Council and the State	X		
Clean audit report for the last audited year			X
No major financial irregularities noticed during the year and/or irregularities unsettled from previous years	X		
Procurement			

Tender evaluation committee has been established and tender procedures are as per regulations	X		
Functioning of political institutions			
Legislative Council in place and operational		X	
Staff functionality			
Positions of Executive Director filled with requisite qualifications.	X		
Head of Administration and Finance Affairs Section filled with requisite qualifications	X		

5.2 Compliance with Capacity Building Support Access criteria

The locality has complied with the requirement to have in place a human resources management function within its structure. The function is operational as the position of personnel officer is filled. However, the absence of a capacity building plan disqualifies the locality from accessing capacity building support funds.

5.3 Capacity building needs and functional gaps based on performance indicators

The main functional gaps and capacity building needs are in the following areas:

- **Planning and budgeting:** This include the introduction of participatory approaches and processes in planning, long term and medium term development planning and linkages with the annual planning and budgeting processes. Also issues of sustainability of projects included in development plans.
- **Procurement:** Particularly procurement planning, implementation and monitoring of implementation. Also important is increased level of transparency in the whole process of procurement.
- **Project management:** There is a need to strengthen project management skills especially project planning (including field and desk appraisal of projects), project progress monitoring and evaluation.
- **Financial management and fiscal capacity:** An area of emphasis in this area is cash flow planning, including revenue projections and putting in place a system of commitment control to ensure that the locality operates within the constraints of the resources available and that once there is a commitment the funds are not used for other purposes.
- **Transparency and accountability:** Guidelines are required to enable the locality to understand the need for wide circulation of information, what kind

of information should be circulated, when and using what kind of media. This appears to be something new to localities but need to be promoted.

- Internal audit and internal control: to strengthen the internal audit function and make it more effective the internal audit should not be part of day to day operations which the auditor is supposed to audit. For example, the internal auditor is involved in pre-audit of payments. This weakens the independence and effectiveness of the internal audit function.
- External audit: The purpose of external audit is to express an independent opinion on the financial statements of the locality in order to instil public confidence on those statements. At the moment there is no opinion on the financial statements of the locality, in addition there is no separate report for the locality. It also appears that there is no specific report (management letter/client service report) in which the auditors raise queries for management responses. With this arrangement it is difficult to identify issues relating specifically to the locality and whether they have been addressed or not. In the long term it will be useful to build the capacity of Auditor General's Chamber to reach a stage where separate reports are produced for each locality, and they are timely.

The table overleaf is our attempt to illustrate the general performance status of the locality. It shows the indicative level obtained by the locality in each functional area based on the performance indicators. An "A" thus indicates a generally favourable assessment in the sense that "most" questions in the tool kit under that performance area were answered positively. A "B" indicates that some capacity was shown but significant scope for improvement exists; only 1-2 questions in the tool kit under that performance area were answered positively. A "C" indicates that very weak capacity was shown in the sense that none of the questions defined in the tool kit under that performance area was answered positively.

It is emphasised that wide intervals have deliberately been set for each category, A, B, or C. It reflects that the categories should not be seen as scientifically established scores that determine the exact performance level of the locality for each functional area. The categories should only be seen as a general and tentative indication of the locality's performance level.

On this basis it is noted that Abu Gibeha obtained 2 A's, 9 B's and 12 C's, which suggest that it shows some capacity in several functional areas examined but also that it remains weak in many others.

Performance/Capacity Area	Level
Development planning and budgeting capacity	
Existence of a participatory planning process	C
Quality of the annual development plan – must adhere to the provided format	C
Comprehensive/strategic medium term (3-4 years) plan in place	C
Budgeting capacity	B
Fiscal capacity	
Revenues	B
Revenue management (administration)	B
Expenditures	C
Financial management and audit capacity	
Budget execution and cash flow	B
Accounting	B
Internal Control	B
Procurement Capacity	
Procurement Organs	B
Procurement Process	B
Transparency and Accountability	
Downward reporting/accountability	C
Horizontal accountability	C
Upward accountability	A
Functioning of political institutions	
Locality Legislative Council	C
People's Committees	C
Human resource development/capacity building	
Capacity building planning process	C
Quality of the capacity building plan	C
Capacity building implementation	C
Monitoring of capacity building	C
Project supervision and monitoring	
Contracts management and supervision	A
Monitoring and reporting	B

A: Most questions relating to the performance measure answered positively

B: Only 1-2 questions relating to the performance measure answered positively

C: No questions relating to the performance measure answered positively

6 Issues arising

In general the assessment kit was viewed by the locality as being above their capacity. In some cases it took time for the staff to understand clearly what the kit meant in certain areas, such as transparency and accountability. Also, in practice some of the aspects included in the kit were designed in such a way that the activities are carried out by the locality whereas in actual fact they are handled by a higher level e.g. training/capacity building. In such cases clear guidelines need to be in place in order to determine whether a locality qualifies to receive funds or not. Included in this is the issue of existence of the executive committee which appeared uncommon.

Appendix A: Check list

Background information about the locality

- ❑ Locality Name: Abu Gibeha
 - ❑ Size of the local government in terms of population: 131,489
 - ❑ Number of staff: 1,372 (47 staff at headquarters)
 - ❑ Number of administrative units: Five
 - ❑ Number of people’s committees: 179
 - ❑ Geographical location: Eastern part of South Khordofan State
 - ❑ Special features: Most of the area is flat, muddy and receives good rains during a year. One of the areas affected by war.
 - ❑ Contact at locality: Name: Suleman Mohammed
Phone number: 0633 822 456 / 0633 822 005.
Email: None
-

Name of team member completing the check list: Lima Jeremiah Lima.

Signature:.....

Date: 7th September 2006.

Minimum Qualifying Criteria

Development planning and budgeting capacity

Performance/capacity area (MQC)	Performance/capacity area (MQC)
Coordination of the planning function	Functioning of the locality Executive Committee in development planning
<p><i>Obtain and review minutes from the Executive Committee for the previous and current financial year.</i> Not applicable, Executive Committee not in existence.</p> <p>Did the Executive Committee meet as required (at least once per month)? Not Applicable</p> <p>Were meetings attended by the appropriate staff (the EC may co-opt technical resource persons)? Not Applicable</p> <p>Did it discuss development planning and budgeting issues including e.g. the annual plan and budget, desk and field appraisal of projects, etc.? Not Applicable</p>	
Planning capacity	Existence of a timely and council approved annual social and economic plan (Section 10 B of the LG Act, 2003)
<p><i>Obtain and review the annual plan for the current year (2006):</i></p> <p>Was the annual plan signed as per guidelines (Council Chairman, Commissioner)? No</p> <p>Did the annual plan include a project profile for each of the prioritized projects following the recommended format? No</p> <p>Review the minutes of council. On this basis, have the Legislative Council discussed and approved the annual plan? (Note the dates and relevant minutes) Not Applicable, the legislative council is not in place.</p>	
Budgeting capacity	Existence of a timely and Legislative Council approved annual budget
<p><i>Obtain and review the annual budget for the current year (2006).</i></p> <p>Has the annual budget been signed as per guidelines (Council Chairman, Commissioner)? No. The Legislative Council is not in place therefore the annual budget was signed by the Executive Director and the Director of Finance.</p> <p>Has the annual budget been prepared as per guidelines? Yes. Details in the annual budget 2006 and formats are in line with the guidelines issued by the State. Also, a technical team from the State assisted the locality to prepare the 2006 budget – see letter dated 27th May 2006 with reference 20/A/1 written by the Executive Director State Ministry of Finance to the Commissioner informing the Commissioner that</p>	

<p>after receiving the budget guidelines a technical team will visit the locality to assist in preparing the budget. The letter also implies that the budget for 2006 was <i>prepared and approved very late</i>.</p> <p>Review the minutes of the Council. On this basis, does it appear that the Council discussed and approved the annual budget before the end of December? (Note the dates and relevant minutes.) Not Applicable</p>	
Financial interpretation of the plan	Clear link between annual plan and annual budget
<p><i>Review and compare the annual plan and budget.</i></p> <p>Based on the review/comparison, does it appear that the priority projects in the annual plan have been reflected in the annual budget (budget linked to activities and outputs)? Yes. Projects in the annual plan with total cost of SDD 246,100,000 have been included in the budget under chapter 4.</p>	
Sustainability in the budgeting process	Capture of operational costs in the budget derived from the capital investments
<p>Ascertain whether there is consent from the relevant authorities to meet operational costs of investments prioritised in the annual plan and budget. Does there seem to be consent from these authorities to meet the operational costs of investments prioritised in the annual plan and budget?</p> <p>No. There is no documentary evidence of consent to meet operational costs from the relevant authorities. The annual plan and budget were submitted to the state for approval but the locality has not received formal feedback on approval.</p> <p>Review the budget. On this basis, have the major investments been catered for in terms of operational costs (cross reference to the operational issues in the project profile)? No. There is no evidence of this and the operational costs budget is not analysed in such a way that a direct link can be established between these costs and a specific project.</p>	
	Capture of maintenance costs in the budget derived from the capital investments
<p><i>Review the annual plan (including project profiles).</i></p> <p>Has the locality an elaborated maintenance strategy for capital investments? No</p> <p><i>Review the budget.</i></p> <p>Has the locality made provisions to meet maintenance costs of major investments? No. There is no clear evidence that provisions have been made to meet maintenance costs. As in the case of operational costs the budget for maintenance costs is not analysed such that one can establish a link between the costs and specific projects.</p>	

Fiscal capacity and Financial Management

Fiscal Capacity	No decrease in own revenues in nominal figures from the previous year-but-one to the previous year
<p><i>Obtain a copy of the final accounts for the previous year-but-one and for the previous year.</i> Review accounts and note the total locality own revenue in both years. Have locality own revenues increased? Yes. The locality collected SDD 89,252,081 in year 2004 and in 2005 the locality collected SDD 94,137,658, an increase of SDD 4,885,577 (5% increase)</p> <p>By what percentage have they increased/decreased? Revenue increased by 5%</p>	
	Co-funding requirements complied with for capital investments
<p><i>Obtain and check bank statement for the Project Account.</i></p> <p>Have co-funding obligations been met as per project requirements (for example, if it has been posted for the first quarter of the first year)? Not applicable</p> <p>Is there a record of the amounts deposited on the bank accounts (co-funded) and dates? Not applicable</p> <p><i>Obtain and review the budget for the current financial year.</i></p> <p>Is there a provision for meeting the co-funding obligations? Not applicable</p> <p><i>(In the second year, it will be important to ascertain whether co-funding obligations for the previous year were actually complied with.)</i></p>	
	Communities made their matching contributions for specific community projects
<p><i>N.A. This only applies for the second assessment.</i></p>	
Financial Management	Entire final accounts for the previous financial year produced on time and submitted for audit
<p><i>Obtain the final accounts for the previous financial year (2005).</i> Were they prepared and completed on time? Yes. The accounts were prepared and signed by the Director of Finance and the Executive Director, however the date on which the accounts were signed is not indicated, therefore difficult to confirm whether they were completed on time.</p> <p>Were they submitted for audit before end of March (review submission letter and note date of submission)? Yes. The locality claims to have submitted the accounts in January 2006 for audit but there is no documentary evidence to confirm this. The accounts were submitted without a covering letter, also there is no acknowledgement letter or dated stamp by the Auditor General to confirm timely submission.</p>	
	All books of accounts maintained up-to-date, including bank reconciliation
<p><i>Obtain and review the major books of accounts such as the daily accounts book, ledger books, liability registers, deposit books, vote books (item expenditure book/allocation of funds), sample of bank accounts.</i> Obtain bank reconciliation statement for each bank account and note the dates the statements were prepared</p>	

<p>and approved.</p> <ul style="list-style-type: none"> ▪ Main account No. 11260 (El Nielin Bank) – bank reconciliation statement as at 31 August 2006 ▪ Housing account No. 10288 (El Nielin Bank) – posted to 3rd May 2006, reconciliation statement as at 31st August 2006, prepared based on summary of unposted transactions. This is prone to errors and omissions. ▪ Power station account No. 1104 (Islamic Development Bank) reconciled as at 31st August 2006. ▪ Development Account No. 1278/8 (Islamic Development Bank) reconciled as at 31st August 2006. <p>Note that all the bank books and reconciliation statements are up to date except for the Housing account</p> <p>Are the major books of accounts maintained? Yes.</p> <ul style="list-style-type: none"> ▪ Cash books for the bank accounts listed above are up to date except for the Housing account ▪ Accountants Register of payments posted to 6th September 2006 ▪ Accountants Register of receipts posted to 6th September 2006 ▪ Adjustments are prepared but they lag behind for one month, last adjustments prepared were for the month of July 2006 ▪ Control book posted to end of July 2006, therefore lags one month behind ▪ Treasury chest book – up to date, posted to 7th September 2006. <p>Are they posted and up to-date (note dates of last postings)? Yes, except for the housing account, adjustments and control book.</p>	
	<p>Project specific bank account(s) opened and ready for operations. (There may be need to open up two bank accounts – one for the capital and the other for capacity building funds)</p>
<p>Has a project specific bank account been opened with the required approvals (e.g. resolution of Council specifying bank and branch)? Yes. An account has been opened on instructions from the CDF Implementation Project Director by letter dated 15th May 2006 with reference number MFNE/OTMSTM/1 Localities addressed to the Manager of Agricultural Bank of Sudan Abu Gibeha Branch, advising the manager to open an account in the name: Abu Gibeha LIU CDF. Account No. 1904 has been opened and will be used to receive development and capacity building funds.</p> <p>Who are the signatories of the bank account? LIU Manager and LIU Accountant.</p> <p>Do the signatories meet the guidelines? Yes, as specified in the letter issued by the CDF Project Director (above).</p>	
<p>Financial Reporting – applicable in the second assessment year</p>	<p>Regularly and timely submission of financial statements to the State</p>
<p>N.A. (only for second assessment)</p>	
	<p>Regularly (minimum quarterly) financial statements provided to the Council</p>
<p>N.A. (only for second assessment)</p>	
	<p>Regularly and timely submission of financial statements (accountability reports) to the PIU</p>

N.A. (only for second assessment)	
Internal audit	Internal audit function in place, including quarterly reports submitted to the Council and the State
<p><i>Review internal audit reports for the previous and current financial years.</i></p> <p>Were they are prepared as required? Yes. Evidence of reports prepared by the Internal Auditor is presented below:</p> <ul style="list-style-type: none"> ▪ Report dated 27th July 2006 with reference 6/A/1 covering a period January to June 2006; ▪ Report dated 3rd May 2005 with reference 6/A/1/Confidential covering the first quarter of 2005 (January – March 2005); ▪ Letter dated 2nd May 2006 with reference 6/A/1/Confidential on the subject of inventories, copied to the State; ▪ Letter dated 9th March 2005 with reference 6/A/1/Confidential on the subject of Financial Performance of the locality for March 2005, addressed to the Executive Director and copied to the State. <p>Were the internal audit reports submitted to Council? Not Applicable</p> <p>Were the internal audit reports submitted to the State? Yes. There is no documentary evidence of submission of reports to the State, we were informed that the reports are submitted physically by the internal auditor and discussed with the Director of Internal Audit in the State Ministry of Finance. Sometimes the reports are sent by post without covering letters, therefore difficult to confirm whether they were submitted on time.</p>	
Audit reports	Clean audit report for the last audited year
<p><i>Check the audit report and review the opinion of the auditors.</i></p> <p>The audit report for the financial year 2004 is not specific on the locality, it is a general report covering the whole State and it does not contain an audit opinion on the financial statements. A review of the audit file indicates some specific issues raised by the auditors relating to the locality, for example: letter dated 26th October 2005 with reference number AGCSKS/MA/6/A/1 raises the issue of weak control of financial forms; and letter dated 27th December 2005 reference number 6/A/1/Confidential addressed to the Executive Director regarding improper payment of SDD 142,300 to one staff and advising the Executive Director to recover the amount from the staff.</p> <p>Were the comments "minor" only? Yes</p> <p>Have all the comments already been addressed by the locality? Yes. For example, the Executive Director acted on the improper payment by letter dated 7th January 2006 reference number A1/6/A/Confidential advising the staff to deposit the amount wrongfully paid to him by the locality immediately.</p> <p>Which (if any) comments were not addressed? NONE</p> <p><i>If yes to these two questions, the locality has passed the MQC.</i></p>	
	No major financial irregularities noticed during the year and/or irregularities unsettled from previous years
<i>Review the audit reports and other documentation.</i>	

Has the locality reported major financial irregularities during the finance year? Yes. A review of the audit files (both internal and external audit files) indicates that there were no major financial irregularities.

Has the locality not addressed financial irregularities from the previous year audits? Not Applicable

Procurement

Procurement Organ	Tender evaluation committee has been established and tender procedures are as per the regulations
Is procurement being made by an Organ/Committee established as per procurement regulations? Yes. There is an ad hoc procurement committee chaired by the Administrator, Storekeeper is the secretary and other members include technical staff (depending on the type of items procured) and the Internal Auditor. Evidence of existence of the committee includes minutes dated 14 th April 2005 of an ad hoc committee established by the Executive Director for construction of two offices. Also refer to letter dated 5 th April 2005 with reference number 9/6/1 by which the Executive Director established this committee.	
What are the technical evaluation and procurement criteria and processes? The committee receives and opens bids in presence of bidders, evaluates the bids on the basis of qualifications and experience of bidders, financial capability, ability to deliver the whole lot on time, tax clearance certificate, presence of properly executed bid bond (2% of the total price), and price. Note that bids must be properly sealed.	
Adherence to Procurement Guidelines – Second year	Adherence to the procurement procedures
N.A. (second assessment only)	
Expenditure performance – Second year	Actual expenditure on pro-poor sector areas (as per project investment menu)
N.A. (second assessment only)	

Functioning of political institutions

	Legislative Council in place and operational, e.g. regular meetings, decisions etc.
<i>Review the minutes from the council meetings.</i> Not Applicable	
Does the Council meet as stipulated in the relevant laws and regulations? Not Applicable	
Does the Council discuss the relevant issues (i.e. annual plans and budgets, audit and financial reports etc)? Not Applicable, however on the basis of a review of the minutes of the meetings held in 2005 before the legislative council was dissolved (minutes of meetings held on 5 th to 7 th February and 19 th to 20 th March 2005), the council discussed relevant issues such as revenue sharing with administrative units, allocation to chapter 3 and 4, approval of the annual budget, formation of sub committees of the council, allocation of funds for development and approval of local orders.	

Staff functionality

Staffing	Position of Executive Director filled with requisite qualifications
<p><i>Review the structure and the staffing position of the locality.</i></p> <p>How many are on duty / actually working in the position? Positions are filled with people with relevant qualifications and are working on duty.</p> <p>What are their qualifications? University graduates at the level of heads of departments, except the Director of Finance.</p> <p>What level and type of experience do they have? Most of them have years of experience in local government.</p> <p>Is the position of Executive Director filled? Yes. Refer to letter of transfer dated 8th May 2006 with reference number 50/H/5/M12 on transfer and promotions of Administrative Officers in South Khordofan State which promoted Mr. Abdilrahim Mohammed, the current Executive Director from the position of Assistant Director to Executive Director</p> <p>What are the qualifications of the Executive Director? University graduate</p>	
Staffing	Head of Administrative and Finance Affairs Section filled with requisite qualifications
<p>What are their qualifications? The Director of Finance has a certificate of Higher Secondary School and a short course in Accountancy.</p> <p>What level and type of experience do they have? He has 26 years of experience in the accounting function, all of this period in local government.</p> <p>How many are on duty / actually working in the position? The Ministerial Decree No. 7 of 2003 issued a transfer list effective on 12th March 2003 which included Mr. Abdalla Dafaalla as Director of Finance for Abu Gibeha locality. Mr Dafaalla is on duty/working in that position.</p>	

Capacity Building Support Access Criteria (CBSAC)

Human resource development capacity

Capacity building/training plan in place (schedule), specifying how the capacity building support funds will be spent

Review the plan.

Has a capacity building plan/training plan been developed? Yes.

Does the plan specify how the capacity building support funds will be spent? Not Applicable

Human resource management function in place (designated unit/person)

Review the functional division of HRD tasks at the locality, specifically review the organisational structure to determine if the HRM position has been provided for.

Based on the organisational structure - is there a human resource management function provided for? Yes, operating under Finance and Administration department.

Is the position of a HRM filled (evidence would be files on the appointment, noting dates, etc.? Yes. Letter dated 11th May 2005 with reference number 50/01/2/M9 issued by the Executive Director of Public Service, State Ministry of Finance, Economics and Manpower contains a list of officers promoted and transferred, including Eisa Abu Algasim who was transferred to Abu Gibeha as the Personnel Officer.

Performance Measures

Development planning and budgeting capacity

Existence of a participatory planning process	
<p>Are participatory consultations undertaken with the community members through involvement of the people's committees? Yes. However, there are no evidence of minutes of committee meetings which discussed plans/projects initiated by the communities.</p> <p>Does the planning process capture the needs of special groups? No. This is not explicit in the plans and the planning process.</p> <p>Are NGOs' participatory planning processes and approaches harmonised with those of the Localities (non-state actors involved in the participatory planning process)? No</p> <p>Are technical departments involved in the desk and field appraisal of development projects? No</p> <p>Review the minutes of the Executive Committee and note the relevant details e.g agenda item, date, etc. Are the annual plans, including project priorities, discussed by the Locality Executive Committee? Not Applicable</p> <p>Are the Committees of Council involved in the discussion of draft annual plans? Not Applicable</p> <p>Does the Locality Legislative Council discuss and approve the annual plan? Not Applicable</p> <p>Does the state level (Council of Ministers and State Assembly) review and endorse priority investments with recurrent cost implications to the state level? Yes. However, there is no documentary evidence on the approval by the State.</p>	
Quality of the annual development plan – must adhere to the provided format	
<p>Does the annual development plan provide background information to the Locality, including, for example, location, number of people's committees, economic activities, etc.? No</p> <p>Does it describe the participatory planning process through which the annual plan was developed? No</p> <p>Does it analyse the locality-peculiar challenges and opportunities (e.g. in relation to gender, environment and poverty)? No</p> <p>Does it outline the prioritised investments to address the identified challenges? No</p> <p>Does it propose the strategies the locality will use to implement the annual plan? No</p> <p>Does it provide the strategies through which the locality will monitor and evaluate the annual plan? No</p> <p>Does it give the costs of each of the prioritised investments (budget allocation) and sources of funding? No, the plan has an indication of the costs of projects but not funding sources.</p>	

Is it attached with detailed investment profiles for each of the prioritised projects (e.g. the project title, background/objectives, technical description, implementation strategies, funding requirements and sources, strategies for operation and maintenance, environment and gender screening, etc.)? No.

Comprehensive/strategic medium term (3-4 years) plan in place

Is there a strategic, medium term plan in place? Yes, however it is just a list of projects/activities and how much will be spent on those on an annual basis for a period of five years.

Does it provide details of the background to the locality? No

Does it describe the process through which the medium term plan was developed (linked to the annual planning process)? No

Does it list challenges encountered during the previous process and strategy for deepening of the participatory planning process? No

Does it give detailed analysis of locality challenges and opportunities? No

Does it give detailed analysis of crosscutting issues including poverty, environment and gender? No

Does it outline the locality Vision, goals, and objectives? No

Does it specify activities to be implemented in the first year and gives indications of activities to be implemented in the proceeding years (to be checked when the plan is being rolled)? No

Does it give cost projects to implement the medium plan with indicative sources of funding? No

Does it elaborate the implementation strategies for the medium term plan? No

Does it elaborate the strategies to monitor and evaluate the implementation of the medium term plan? No

Budgeting capacity

Does the locality take into account its previous performance in budgeting and budget follow-up when it does the yearly budgeting? Yes. The budgeting process takes into account the performance of the previous periods as a guide to future performance. A review of the 2006 budget shows that there are actual and approved figures for 2005 for comparison purposes.

Are revenue projections made over the medium term (3-4 years)? No

Is budgeting based on available funds and identified sources? No. The budgeting guidelines from the State do not indicate the resources envelope available within which a locality should prepare its budget. The guidelines only stress the importance of consideration of ability to collect own sources of revenue and prepare the expenditure side of the budget accordingly. Comparing the approved expenditure budget for 2006 SDD 400,910,000 with approved local revenue SDD 376,300,000 there is a funding gap of SDD 24,610,000. Apparently this funding gap represents 10% of chapter 4 budget which the locality believes is their contribution to development funding. This is not covered by the available revenues from local sources!

What is the budget prediction capacity/execution performance (% of deviation from budget)?

Based on the approved budget for 2006 which contains the revenue collection figures and approved estimates for year 2005, the approved revenue collection estimates for 2005 was SDD 211,270,000 whereas the revenues actually collected in the same year were SDD 94,137,658. The percentage deviation from the budget in 2005 was therefore 55%, the locality collected only 45% of the approved estimates.

Are budget deviations legally approved? Yes. Deviations are approved when the locality spends more than what was approved in the annual budget or where there is reallocation from one budget item to another, the reallocation must be approved We noted evidence of an application by the Executive Director to the State Ministry of Finance for reallocation of funds dated 3rd August 2006 with reference number 20/Z/1.

What is the share of total budget allocated to services prioritized in the PEAP? The allocation to these sectors is not separately identifiable. The locality did not have schedules which were the basis for the budgets on the basis of which we could identify the allocation to priority sectors.

What is the percentage of total budget on non-chapter 1 salary items? Based on the approved budget for 2006, total budget on non-chapter 1 items is SDD 622,400,000 and the totals budget including chapter 1 is SDD 1,298,020,088. Therefore, total non chapter 1 items represents 48% of the total budget for the locality.

Fiscal capacity

Revenues	
<p>What been the increase in own source revenues over the past two years? Revenues in the past two years have increased by 5% from SDD 89,252,081 in 2004 to SDD 94,137,658 in 2005 as reflected in the 2006 budget and unaudited 2005 accounts.</p> <p>What is the percentage of revenues collected against the planned revenues (targets)? The draft accounts for year 2005 shows that actual collections were SDD 94,136,658 which represents 45% of approved revenue estimates for the same year (SDD 211,270,000).</p> <p>Are there clear strategies to improve own-revenues and fiscal capacity? No.</p>	
Revenue management (administration)	
<p>Does the revenue collection reach the targets set? No. For example, in 2005 the locality collected only 45% of the revenue collection target.</p> <p>Are accountability measures on revenue collection in place, such as registers, authorised collectors, banking, etc.? Yes. Various financial forms used in revenue collection are maintained by the revenue collectors, who capture the data at collection points and remit the revenue collected to the Treasurer daily. The Treasurer issues receipts to collector for the money remitted and records the receipts in the Treasury Chest book.</p> <p>Is feedback given to communities on the amounts of revenue collected and how it is used? No</p>	
Expenditures	
<p>What is the level of administrative expenditure compared to own source revenues (%)? Based on the draft</p>	

accounts for year 2005:		
Total chapter 1 and chapter 2 expenditure	SDD	626,852,845.80
Less: Chapter 1 expenditure		<u>(496,331,406.00)</u>
Chapter 2 expenditure		130,521,439.80
Total own revenue collected in 2005		94,137,658.00

Therefore, total administrative expenditure was 138.6% of own revenue collected in 2005.

What is the share of the costs for the Legislative Council out of the total budget? The costs for the Legislative Council were not separately identifiable.

What is the share of the local revenue spent on capital investments? Total capital investments in 2005 draft accounts were SDD 11,547,195. It is not indicated how much of this cost was funded by the locality from own sources of revenue.

Financial management and audit capacity

Budget execution and cash flow	
Are cash inflows and outflows managed so that the LG is able to meet current payments promptly, according to financial commitments? No	
Is the Locality maintaining adequate liquidity, and not accumulating arrears or debts? Yes. The locality has sound liquidity position based on the 2005 draft accounts as evidenced by an excess of current assets to current liabilities:	
Debtors position as at end of 2005	SDD 22,919,123.14
Cash/Bank position	<u>6,081,620.95</u>
Total	28,000,744.09
Creditors position at end of 2005	<u>(6,052,757.29)</u>
Excess of assets over liabilities	21,947,986.80
Is there a commitment control system in place? No	
If so, who orders, signs, authorises, etc? Not Applicable	
Accounting	
Are all books of accounts properly maintained and up to-date including:	
<ul style="list-style-type: none"> • Creditor register; • Control of debt (registers etc.). 	
Yes. Generally the books are up to date except for the ones mentioned under MQCs. Creditors and debtors registers are not maintained, instead separate columns are maintained in the Control book to capture these items.	
Is the imprest/petty cash management, including register, functioning and up-to date? Not Applicable. The	

locality does not maintain a petty cash/imprest system.

Is there a functioning system of assets register and management? Yes. A list of all assets is maintained in a file, the list was last updated on 31 December 2005 after undertaking annual physical inspection of the assets.

Are inspections undertaken and inventories maintained of fixed assets? Yes. Inspections are carried out on an annual basis, last inspection being that of 2005 and the inventory was updated accordingly on 31st December 2005.

Are financial management documents kept safe and locked away (safes)? Yes. The financial forms are kept at a special store in Abu Gibeha Administrative unit. The forms are locked away safely and a register is maintained for recording movements of the forms – receipts, issues, stock balance etc.

Internal Control

Is the internal audit function operational? Yes, as evidenced by the existence of the Internal Auditor who was transferred to the locality effective from 1st May 2006 and production of internal audit reports such as the report for the period January to June 2006.

Is there evidence of follow up on the IA results? Yes. A letter with reference number 48/A/1 dated 29th August 2006 written by the Executive Director giving summary dismissal to the Education Supervisor is an evidence of action on one of the issues raised in the internal audit report for the period January to June 2006. It is important to note the problem of timeliness of management responses as noted by the Internal Auditor in his report for January to June 2006.

Is there any evidence of an active system of internal control, such as written policies and procedures adopted/customised by the management (internal procedures)? No. The locality uses national policies and guidelines such as the financial bylaws.

Is there any evidence of locality policies and procedures in place to ensure adherence to state policies, directives, laws and regulations? No.

Is there any evidence of policies and procedures in place to ensure safeguarding against mismanagement, errors, fraud, and other irregularities? No. Only national policies and procedures.

Is there any evidence of policy procedures in place to promote orderly, economic, efficient and effective operations and delivery of services? No

Do internal accounting and reporting regulations and procedures exist? No. The locality relies on national regulations and procedures, tailored procedures do not exist.

Is there any evidence of policies and procedures to ensure segregation of duties, such as:

- authorization to execute a transaction,
- record an action, and
- custody of assets involved in the transaction.

No. As above, only national procedures and policies. Internally prepared procedures do not exist.

Do policies and procedures exist that safeguard against conflicts of interest? No.

Procurement Capacity

Procurement Organs

Is the technical evaluation committee constituted with appropriate membership? Yes. The committee is not a standing committee, it is an ad hoc committee set up by the Executive Director when the need for procurement arises. For example, a committee set up on 5th April 2005 by letter reference number 9/6/1 for technical evaluation of bids for construction of two offices. The committee sat on 14th April 2005 and opened the bids at 12.20 hours according to the minutes. The committee also sat on 27th April 2005 to evaluate bids for the supply of bricks.

Does the technical evaluation committee consider all procurement proposals before procurements are made? Yes. Examples of procurement proposals include procurement of construction contract for construction of two offices (minutes of the committee dated 14th April 2005 with reference 9/G/1) and contract for the supply of red bricks (minutes dated 27th April 2005).

Does the procurement authority (Commissioner) adhere to the recommendations of the technical evaluation committee (or explains non-adherence)? Not Applicable, the Commissioner is not involved in the process of procurement. The committee recommends to the Executive Director for approval and we did not see evidence of non adherence to the recommendations of the committee.

Procurement Process

Does a Procurement Plan exist (and is it derived from the approved plans and budgets)? No

Are bills of quantity (for works) and terms of reference (for services) prepared? Yes. Example, bill of quantities for contract number 33 dated 10th April 2005 for construction of offices at the locality.

Are all procurements advertised (as per the thresholds)? Yes. Examples include an advertisement for the tender to supply fuel for the power generator dated 3rd March 2005 with reference 46/A/1 which was put on the locality notice board and at the market, and was aired by the local television station on the same date.

Are proper evaluation criteria used for the bids and proposals? Yes. Minutes of the technical evaluation committee dated 23rd April 2005 and 14th April 2005 provide evidence of proper criteria being considered in evaluation of bids received.

Is there timely and transparent award of contracts? No. although there is no evidence of delays in awarding bids, we did not see evidence of advertisements of tender awards, also we did not find evidence of information to bidders who participated in the bids on the results of the evaluation. Through discussions with the locality officers we noted that it is only the winner who is informed of that he has been awarded.

Is there any communication to the locality about the tender awards? No

Transparency and Accountability

Downward reporting/accountability	
<p>Is the public informed about:</p> <ul style="list-style-type: none"> • Indicative planning figures (before the start of the planning process)? No • Approved projects in the annual plan (with reasons for some of the community needs not to be implemented in a particular year)? No • Approved budgets indicating sources of funding and clearly specifying the required community contributions (both the volume and nature of contributions)? No • Funds received to implement the projects and how they have been allocated? No • Opinion of the audit reports and how the locality is addressing the queries? No • Project implemented (ongoing and completed) with explanations of variations with the plans if any? no • Public <u>access</u> to financial information (plans, budgets, accounts and audit reports)? No • Feed-back and information to the people's committees. No 	
Horizontal accountability	
<p>Is there a reasonable level of information flow maintained among the departments, i.e. are departments updated on what is happening in other departments? No. No regular flow of information, it is only when there is an issue which cuts across two or more departments and it is communicated through the office of the Executive Director.</p> <p>Is the regular submission of reports and provision of information to the Legislative Council? Not applicable</p> <p>Does the locality provide information to the non-state actors of the locality (other donor programmes, NGOs, private sector) to enhance synergies? No. There is limited sharing of information by the locality with non-state actors. NGOs operate in direct contact with local communities and they share information with local communities for example on their contributions to activities implemented by these non-state actors. A recent initiative by the LIU to set up a Steering Committee whose membership includes NGOs and representatives from the locality is expected to improve sharing of information.</p>	
Upward accountability	
<p>Is the submission of the required reports to the State timely? Yes. We have seen evidences of reports submitted to the state such as quarterly internal audit reports, monthly locality performance reports prepared by the Commissioner, monthly financial reports and quarterly financial reports. However, the dates of submission of the reports in all cases are not shown and the reports are submitted without covering letters therefore apart from management representation there is no documentary evidence that they were submitted on time.</p>	

Is the submission of the required reports to the project implementation committee timely? Not applicable. This will follow after receiving funds from CDF for development and/or capacity building.

Functioning of political institutions

Locality Legislative Council	
Are discussions in the Council of a reasonable quality, i.e. do they discuss the annual plan, budget, financial and audit reports etc.? Not Applicable	
Are council sub-committees established in required areas? Not Applicable	
Are council sub-committees discussing the relevant issues related to their sectors? Not Applicable	
People's Committees	
Is there evidence that the Locality has developed guidelines and a plan to mentor the people's committees in the execution of their functions, especially in relation to enhancing community driven development? No	
Is there evidence that the Locality has actually trained the people's committees in the execution of their roles in relation to community-driven development? No	
Is there evidence that the Locality has given feedback to the people's committees regarding their performance (achievements and challenges) and guidelines for further improvement? No	

Human Resource Development/ Capacity Building

Capacity building planning process	
Has the locality conducted a capacity needs assessment to strengthen its function, with precedence given to institutional rather than individual needs (e.g. derived from systems for staff audit and appraisal)? No	
Has the locality developed a comprehensive capacity building strategy/plan (formulated as per the recommended format)? Not Applicable	
Are the priorities in the CB plan within the project specified menu? Not Applicable	
Quality of the Capacity Building Plan	
Does the capacity building plan provide the background to the locality in the context of capacity building? Not Applicable	
Does it summarize the capacity building needs of staff, councillors, people's committees identified through the capacity needs assessment? Not Applicable	
Does it detail the mix of strategies through which the capacity building needs should be addressed? Not Applicable	

Does it cover both human resource development (enhancement of individual competencies) and institutional strengthening (re-tooling)? Not Applicable	
Does it outline strategies through which CB activities will be monitored? Not Applicable	
Capacity building implementation	
Are capacity building activities implemented by the providers recommended by the project? Not Applicable	
Are capacity building activities implemented as per the capacity building plan? Not Applicable	
Monitoring of CB	
Has the locality received reports from the training/CB activities? Not Applicable	
Has the locality followed-up on the capacity building efforts, e.g. through monitoring and evaluation? Not Applicable	
Has the staff and other stakeholders performance improved – are the expected outputs are in place? Not Applicable	

Project Supervision and Monitoring

Contracts management and technical supervision	
<p>Are all projects implemented with appropriate contracts (agreements)? Yes. Evidences of contracts:</p> <ul style="list-style-type: none"> ▪ Contract for construction of two offices for the legislative dates 17th May 2005 between the contractor and Abu Gibeha locality in which the two parties agree that the contractor will construct the building according to the specifications designed by the engineer and the quantities (BOQ) agreed upon, under direct supervision of the locality's Civil Engineer. Payment to be made in six instalments in line with the stages of completion of the project and on the basis of certificate of completion. ▪ Contract dated 13th March 2006 with reference number 20/G3/20/G/3 between Abu Gibeha locality and Jazeera Engineering Company for maintenance of roads in Abu Gibeha town. <p>Are all payments made with the required certification (no advances, payments made against outputs)? Yes. Examples of certificate of payments include:</p> <ul style="list-style-type: none"> ▪ Certificate of payment dated 14th June 2006 in which the Civil Engineer certifies that work has been undertaken to the required standards for the third phase of the project, therefore the contractor is entitled to receive the third instalment payment. ▪ Certificate dated 23rd March 2006 in respect of the second instalment payment (30% of the contract value) for the read maintenance contract ref no. 20/G3/20/G/3. <p>Does the technical staff ensure that the projects are implemented on schedule and following the specifications? Yes. Refer to the contract dated 17th May 2005 in which the Civil Engineer is assigned the role of supervising implementation of the project. Accordingly, the Civil Engineer inspected the work and was satisfied that it is implemented according to the agreed terms as evidenced by his certificate of payment date 14th June 2006.</p>	

Monitoring and reporting	
<p>Has the locality developed a clear strategy for monitoring the implementation of projects? No</p> <p>Does the locality monitor all projects being implemented (monitoring of progress)? Yes. Evidence includes monitoring of the construction of two offices project. However, a system of project monitoring is not well developed.</p> <p>Is there evidence that the locality conducts technical inspections of projects? Yes. Certificate of completion dated 14th June 2006 is an evidence of technical inspection of projects.</p> <p>Are progress reports arising from the monitoring and technical inspections exercises compiled? No. There is no evidence of project monitoring and technical inspection reports.</p> <p>Is there evidence that the Executive Committee discusses the monitoring and technical inspection reports and makes management decisions? Not applicable</p> <p>What is the percentage of projects implemented against the plan? Last year there was only one project and was fully completed in the same year, therefore the percentage of completion was 100%.</p>	

Appendix B: People met

1. Abdalla Dafaalla Musa
Director of Finance
2. Aldaur Elrashied Eldaur
Storekeeper
3. Mohammed Ngilo Ibrahim
Chief Clerk
4. Ahmed Mahmoud Omer
Internal Auditor (Locality HQs)
5. Ayong Tiop Deng
Administrative Officer
6. Suliman Mohd Gerbo
Executive Director
7. Eisa Abu Algasim
Personnel Manager
8. Aasha Abd Rahim
Assistant Personnel Officer
9. Ibrahim Ahmed Mohammed
Internal Audit Supervisor

Appendix C: Documents made available and consulted

1. Analysis book – Expenditure
2. Analysis book – Revenue
3. Control book
4. Accountants Register of Payments
5. Accountants Register of Receipts
6. Bank books – all bank accounts
7. Treasury Chest Book
8. Annual Plan 2006
9. Annual budget 2006
10. Strategic Plan 2006 - 2010
11. Final accounts – 2004 (audited) and 2005 (draft)
12. Internal audit reports 2005 and 2006
13. External audit report 2004
14. External audit file
15. Minutes of Legislative Council 2005
16. Minutes of Procurement Committee
17. Procurement file
18. Letters of appointment – Executive Director, Internal Auditor, Head of Finance and Administration Affairs, and Personnel Officer
19. Bank reconciliation statements – all bank accounts
20. Fixed assets file/assets inventory list
21. Register for control of movement of financial forms
22. Sample Agreements and Certificates of Completion/Payment