

The World Bank

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

Al Roseirees

Assessment report

September 2006

COWI

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Prepared Erik Bryld
Checked Thomas Juel Thomsen
Approved Thomas Juel Thomsen

Table of Contents

1	Introduction	3
1.1	AI Roseirees	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	9
2.5	Staff functionality	9
3	Capacity Building Support Access criteria	11
3.1	Capacity building plan	11
3.2	Human resource management function	11
4	Performance assessment	12
4.1	Development planning and budgeting capacity	12
4.2	Fiscal capacity	13
4.3	Financial management and audit capacity	14
4.4	Procurement capacity	15
4.5	Transparency and accountability	16
4.6	Functioning of political institutions	17
4.7	Human resource development/capacity building	17
4.8	Project supervision and monitoring	17
5	Conclusions	19
5.1	Compliance with Minimum qualifying criteria	19
5.2	Compliance with Capacity Building Support Access criteria	20
5.3	Capacity building needs and functional gaps based on performance indicators	20

6	Issues arising	23
	Appendix A: Check list	24
	Appendix B: People met	46
	Appendix C: Documents made available and consulted	47

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 Al Roseirees, 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 Al Roseirees

Al Roseirees is the second largest locality in Blue Nile State situated 16 kilometres from the State capital Ad Damazin. The two main towns of Ed Damazin and Al Roseirees are separated by the Blue Nile. It has a population of 157,959 inhabitants distributed over 90 People's Committees

Blue Nile State is one of three transitional areas covered by special provisions in the Power Sharing Agreement of the Comprehensive Peace Agreement. As a consequence commissioner posts are split between the NCP and SPLM. In Al Roseirees the Commissioner is from the SPLM while the Chairperson of the Legislative Council is from the NCP.

The administration has four departments in accordance with the State 2006 Local Government Act, and two sub-administrative units in remote rural areas. The total number of staff is 1,567 (Chapter 1) of which 30 work in the locality administration.

Al Roseirees will receive funding from the CDF and has a LIU manager and office established with secondments from the locality. The CDF Steering Committee has met three times and has now identified the People's Committees eligible for project support. At the time of the assessment no funds had yet been channelled for project activities.

1.2 Assessment context

Issues influencing the outcome of the assessment:

1) Legislative Councils were re-established in March 2006 in Blue Nile State following the introduction of the State Local Government Act. There was no Legislative Council in place in 2005, and Al Roseirees does therefore not comply with any of the assessment questions related to the operations of the Council prior to March 2006.

2) State regulations do not require the locality have an Executive Committee, consequently, Al Roseirees does not have an Executive Committee, and does therefore not comply with any of the assessment questions related to the Committee.

3) The Blue Nile State Auditor-General is still in the process of finalising the 2005 audit reports of the localities in the State. As a consequence the Team has not been in a position to assess the locality's accounting performance for 2005 and compliance with the Auditor's recommendations. Instead the Team has focused on the 2004 report.

4) The LIU manager provided helpful assistance to the team throughout the assessment.

2 Minimum qualifying criteria

2.1 Development planning and budgeting capacity

Functioning of the locality Executive Committee in development planning.

In accordance with State regulations there is no requirement of an Executive Committee in Al Roseirees locality.

Existence of a timely and council approved annual social and economic plan. Al Roseirees has developed an annual plan for 2006. The plan is in matrix format outlining the title and budget for each individual project.

The annual plan is not signed by the Commissioner or Executive Director, but has been submitted on time and approved by the State with full consent of locality management. To prepare the annual plan for Al Roseirees the Executive Director requests the technical departments to forward a list of relevant projects for implementation in the coming year. The list is prioritised and shortened by the Executive Director together with the Heads of departments. It is then approved by the Executive Director and forwarded to the State for approval. The State level ultimately decides which projects from the list will be implemented based on State priorities. Finally, the locality is informed of the State's decisions and authorised to assist in implementing the locality plan.

The Legislative Council of Al Roseirees was only formed in March 2006 and was therefore not in place to discuss and approve the annual plan, which was finalized in December 2005. Minutes from the Legislative Council however show that issues pertaining to planning are discussed regularly at the meetings.

It should be noted that the plan only refers to Chapter 3 (rehabilitation) and 4 (development) activities, which are all funded by the State. Of these 98% are implemented by the State and 2% by the locality. No plan has been developed related to Chapter 2 activities (operational costs).

Existence of a timely and Legislative Council approved annual budget The annual budget has been prepared and signed and submitted on time in accordance with the guidelines and it was approved by the State 1 January 2006.

Unlike in other localities assessed in Kassala and Blue Nile State, the locality implements a little more than 7 million SD of the Chapter 3 budget (rehabilitation). Chapter 3/4 budget total is 344 million SD. Activities selected for locality

implementation are decided by State level. Interviews with State and locality staff revealed that no transparent criteria are used for deciding which activities are to be implemented by the locality and which by the State. The locality is responsible for all aspects of implementation of their own share of Chapter 3 with completion reports to be submitted to the State. Projects include school rehabilitation and office construction.

As the Legislative Council of Al Roseirees was only formed in March 2006, the Council was not in a position to discuss and approve the annual budget, which was finalized in December 2005. Minutes from the Legislative Council do however show that budget issues are discussed regularly at the meetings.

Clear link between annual plan and budget. Priority projects have been reflected in the annual budget with the right budgeted amount. Not all projects from the plan are however included in the annual budget. The plan is thus more extensive than the annual budget.

Capture of operational costs in the budget derived from capital investments. Certain operational cost items derived from the capital investment budget were reflected in the Chapter 2 budget, but it was not feasible to assess whether the budget was sufficient.

Capture of maintenance costs in the budget derived from capital investments. Small scale maintenance is captured in the budget while the State is responsible for larger scale maintenance and rehabilitation. Some maintenance cost items related to the investment budget appear to have been reflected in the budget but it was not possible to assess if the budget was sufficient.

2.2 Fiscal capacity and financial management

No decrease in revenues in the nominal figures from the previous year-but-one to the previous. There has been no decrease in revenues from 2004 till 2005. The total revenue generated in 2005 is almost identical to that generated in the previous year:

Year	Revenue (SD)
2004	38,445,825
2005	38,574,822
Revenue increase 2005	129,997

Co-funding requirements complied with for capital investments. Al Roseirees will receive funds under CDF only in the future, which means this criterion is not relevant to assess at the present stage. The Steering Committee has recently identified People's Committees eligible to receive funds for development projects, however, projects are still to be identified and initiated.

Entire final accounts for the previous year produced on time and submitted for audit. According to the Chief Accountant the final accounts for 2005 have been submitted to the State, which received the only copy, which meant that no 2005 final accounts were available at the locality. The State is still in the process of approving the accounts. This late approval seems to be a general trend for all localities in Blue Nile State. No submission letter was available as evidence.

All books of accounts maintained up-to-date, including bank reconciliation. Except for the 2005 accounts, the locality has all relevant books related to accounting and financial management in place and up-to-date. Including: ledgers (2006); bank books; check receipt register; revenue collection documentation; and petty cash documentation. All books of accounts are maintained and up to date as of 31 August 2006. Bank reconciliation statement by end of August 2006 shows a bank balance of SD 17,607.

Project specific bank account(s) opened. This criterion is not relevant as no CDF projects have been initiated at this stage. It should be noted that localities are only permitted to open one bank account.

Internal audit (IA) function in place, including quarterly reports submitted to the Council and the State. An internal audit function is in place. Internal audit reports are prepared by the locality internal auditor on a quarterly basis. No annual IA report is produced, but the quarterly reports signed by the Executive Director form the basis for the Auditor-Generals annual audit.

The latest audit report submitted 1 January 2006 was presented to the Legislative Council, prior to submission to the State.

Clean audit report for the last audited year. The 2005 accounts are still in the process of being audited. The 2004 Auditor-General report for Roseirees have only minor comments, which have all been addressed. Comments include:

- 1) Good relation between IA and locality staff concerning exchange of information.
- 2) The 2003 recommendation of including the Store Keeper in the Procurement Committee has not been adhered to (see also Procurement Section).
- 3) The locality should stop undertaking payments from the sub-unit level.

No major financial irregularities noticed during the year and/or irregularities unsettled from previous year. No financial irregularities reported in 2004.

2.3 Procurement

Tender evaluation committee has been established and tender procedures are as per the regulations. A procurement committee has been formed by the Commissioner, with membership of the Executive Director; Store Keeper; Internal Auditor; Legislative Council Financial Committee member; Representative of the Unit carrying out the tender. The inclusion of the Internal Auditor in the Committee is a State requirement. Decisions reached by the Committee are

signed by the Executive Director and forwarded to the Commissioner. Normally the Commissioner has adhered to the recommendations of the Committee and endorsed its decisions.

Minutes from the Procurement Committee meetings reflect the use of standard procedures for the procurement process which is in accordance with the State (MoF) guidelines. Selection criteria are predetermined but limited to price and quality, without specific qualify criteria outlined.

As the locality financial responsibility is limited to Chapter 2 and a minimum of Chapter 3 activities, only a limited number of contracts/purchases have been awarded from the locality in 2006.

2.4 Functioning of political institutions

Legislative Council in place and operational, e.g. regular meetings, decisions etc. Al Roseirees has a Legislative Council in place, which is fully operational and discusses the relevant issues. The Legislative Council was formed in March 2006 after the enactment of the 2006 Local Government Act of Blue Nile State. The Council meets two to three times a month. Minutes are available from all previous meetings and a separate register is kept to note down agenda items and resolutions of the Council.

The first three meetings were held within one week with the objective of distributing responsibilities and posts among the Council members and agreeing of the internal regulations for Council operations. In the following meetings issues pertaining to revenue collection; shop construction; land use planning; and issues pertaining to the internal audit report were discussed.

2.5 Staff functionality

The locality has an organisational chart illustrating the four main departments and the different divisions. According to the head of personnel all positions are filled. All staff is seconded from Blue Nile State.

Position of the Executive Director filled with requisite qualifications. The Executive Director position is filled with a qualified person. The person holds a university degree and a certificate in public administration. In addition the person has undertaken a range of different trainings including a one-year course in strategic planning. He has 27 years of locality level work experience and must be assessed as fully qualified for the position.

Two additional higher ranking staff members were interviewed. The Head of the education has 34 years of experience as a teacher, principal and locality staff, including five years in Yemen. The Head of the service department has a military background and a masters degree in military science. He has 18 years of experience from the military and 10 years with the locality administration. Both are assessed to be qualified for their position.

Head of Administrative Finance Affairs Section filled with requisite qualifications. The position as Head of Administrative Finance is staffed with a qualified person. The person has a university degree in public administration and 27 years of work experience in public administration.

Data on staff qualifications are based on interviews as documentation is not available at locality premises.

3 Capacity Building Support Access criteria

3.1 Capacity building plan

Capacity building/training plan in place (schedule), specifying how the capacity building support funds will be spent. There is no capacity building plan in place at Al Roseirees. As in all localities, almost all staff working at the locality is seconded from the State. The State is the authority responsible for training and education of locality staff. In practice the State requests localities to nominate staff for predetermined training. As a consequence, no training plan has been developed by the locality. The locality relies on the State training plan.

3.2 Human resource management function

The locality has a personnel division with a Head of personnel and an assistant. Both positions are filled.

4 Performance assessment

4.1 Development planning and budgeting capacity

Existence of a participatory planning process. The participatory aspects of the annual planning at Al Roseirees are limited to the actions of the Legislative Council. The main entry-point for community participation in development planning in Al Roseirees is the Legislative Council, which represents the People's Committees in the locality. However, as the Legislative Council was first established in March 2006, it has not been involved in the 2006 planning process. No outreach activities were undertaken in 2005 to ensure community involvement in the planning process.

Instead the annual plan was developed by the Executive Director based on inputs from the heads of the departments. The locality does have frequent interaction with NGOs at the locality, but there is no direct link between the NGO and the locality planning process.

There is no clear evidence of analysis of special needs or poverty related aspects of the locality as part of the planning process, however, specific projects targeting women such as women's enterprise training programmes and vocational training are included in the annual plan.

The plan has not been presented to the Executive Committee as this is currently not in place. The plan was submitted to the State in due time, and according to locality staff the plan has been endorsed by the State, although no endorsement letter was available.

Quality of the annual development plan - must adhere to the provided format. The annual plan is simple in format and does not include extensive background information and analysis. The annual plan consists of a simple matrix outlining the name and budget for individual projects. No source of funding is identified, but the locality expects the State to fund all Chapter 3 (rehabilitation) and 4 (development) activities.

The plan is not supported by background information; an analysis illustrating the locality-peculiar challenges and opportunities; or a description of the planning process in the plan. Projects are however, prioritised in accordance with locality needs as assessed by the technical departments, which is also stressed in the submission letter to the State.

Comprehensive/strategic medium term (3-4 years) plan in place. There is no locality plan beyond the current annual plan.

Budgeting capacity. Chapter 2 budgeting capacity seems good as the locality has a high degree of awareness of projected expenditures. The budget is based on the budget performance of the first nine months of 2005, taking into consideration the introduction of new activities. The expected revenue projections are identical to the expected expenditures in 2006. Chapter 2 execution performance in the first six months of 2006 is 88.5% and must be assessed to be satisfactory. Chapter 2 funds allocated for poverty alleviation are however limited to 3.1% (gifts for the poor).

The total budget is very biased towards funding of salaries leaving fewer funds for development, rehabilitation and operations. Of a total Chapter 1-4 budget of SD 1,240,657,276, Chapter 1 accounted for 64.5% or SD 799,992,276, while Chapter 2 (SD 97,730,000) and Chapter 3 and 4 (SD 342,935,000) only accounted for 35.5% of the budget.

The Chapter 1 budget is derived from the number of staff seconded from the State to the locality. Chapter 3 and 4 is based on the projects approved for rehabilitation or implementation by the State.

4.2 Fiscal capacity

Revenues. Revenue generation has been stable over the last couple of years, but remains below the target.

2005 (SD)	
Planned	61,370,000
Actual	38,445,825
Difference	22,974,125 (62.6% of planned)

The 2005 revenue projection is noteworthy higher than the 2005 revenue generation. The locality is aware of this deviance. The State covered the financial gap for 2005 between the projected and generated revenue to ensure full coverage of Chapter 2 expenditures. The locality staff explained that the overestimation of revenue generation is a standard practice of the locality to press the State to fill the gap. For 2006 the staff equally expects the revenue generated to be less than the revenue projection.

The staff explained that the non-increasing revenue generation was a consequence of the downward trend in trade and thus fees on trade due to the conflict in neighbouring Upper Nile State and near the border to Ethiopia.

Strategies are in place in support for increasing the revenues in the future. These include:

- 1) An increase in different fee rates.
- 2) Improved collection of house tax.

3) Activation of State law, which guarantees the locality a standard fee of SD 3 million a year from the Damazin dam in the locality premises.

Revenue management (administration). An effective revenue management system is in place. The locality is divided into sub-administrative units with separate collectors and police officers. Each sub-division has its own register and a main register is kept at the locality. Each collector has a receipt book. The work is overseen by a revenue accountant, and the Internal Auditor performs regular inspections at unit level. Review of all relevant revenue collection documentation show that they are all maintained and up-to-date. There is no communication of the total revenue collected to the locality community.

Expenditures. The current own revenue level is equivalent to 4.5% of the Chapter 1 budget. The budgeted expenditures for the Legislative Council in 2006 are 12.6 million SD equivalent to 1% of the total budget.

4.3 Financial management and audit capacity

Budget execution and cash flow. The in-flow and out-flow of cash is monitored on a daily basis by the Financial Controller. The Controller has an overview of the regular income from State level. Expenditures estimates are made in accordance with the seasonal fluctuations. Health in the rainy season and revenue generation in the dry season. However, these estimates are all based on the previous experience of the Financial Controller and no specific in-flow/out-flow plan has been developed. The locality has limited funds at its availability to meet immediate unexpected funding needs but does not carry any debts or arrears.

Commitments can only be made by the Executive Director who will base future commitments on the availability of funds as reported by the financial controller.

Accounting. The locality has all relevant accounting books in place and up to date. These include:

- 1) Creditor register
- 2) Revenue documentation
- 3) Petty cash register and check register and receipts
- 4) Daily ledgers
- 5) Bank books and statements

The credit register and revenue documentation have been updated within the last three months. The Daily ledgers, petty cash register and bank books were updated daily.

An asset management system is in place, with description of all items in any given room in the locality. There is no date on the register and no information available on the last update. Removal of inventory from one room to another will require approval from the Clerk by filling in a separate form.

All accounting books and documentation are kept in a locked closet and in the locality safe. The locality has hired a guard to look after the premises during the night.

Internal control. Al Roseirees has an internal audit function in place, which produces monthly reports submitted to the Auditor-General via the Executive Director. The Internal Auditor performs daily checks of locality financial transactions. These include check of payments in check and cash; check of ledgers; check of bank books; and revenue collection. These procedures are in line with the State guidelines.

The team was informed that the State transfers internal auditors between different localities every three months to ensure impartiality in the auditing process, in addition, a number of the above described financial management procedures will effectively work as safeguards against mismanagement of funds. These include:

- 1) An effective revenue collection system with checks and balances.
- 2) Internal auditor function in place.
- 3) Cash payment system in place:

The Executive Director will authorise a payment. The Financial Controller will determine the appropriate item line for payment and check the availability of funds. The payment is then transferred to the internal auditor for certification and finally the accountant will decide whether the payment will be made in cash or by check. Finally the Executive Director signs the check. The payment is audited and stamped by the internal auditor.

To improve the effectiveness of the operations and increase the service level, the locality has introduced a bonus system for employees for all fields of work in the locality.

4.4 Procurement capacity

Procurement organs. A Procurement Committee was established by the Commissioner in February with membership of the Executive Director; Store Keeper; Legislative Council Financial Sub-committee member; Internal Auditor; and a representative of the relevant department (see section 2.3 for full details).

Procurement process. Minutes from the Procurement Committee meetings reflect the use of standard procedures for the procurement process in accordance with the State (MoF) guidelines. Calls for tender are published in local media such as the local newspaper, TV and radio. Criteria established by the Committee for selection of service provider/supplier include: price and quality, but quality is not specified.

The locality has developed a standard set of prerequisites for qualifying for tender, which is in accordance with the State guidelines and illustrates basic awareness of safeguarding the reliability of the service provider. These include:

- 1) Certificate stating that all taxes have been paid.
- 2) Solvency statement.
- 3) Previous relevant experience.

A 10% fee will be charged if the services required are not delivered in accordance with the contract.

Any decision is signed by the Executive Director and forwarded to the Commissioner. The Commissioner has normally adhered to the recommendations of the Committee and endorsed its decisions. The selected supplier is informed via mobile telephone and through the relevant member of the People's Committee.

Transparency of the process is ensured by inviting all bidders to attend the opening of the bids.

As the locality financial responsibility is limited to Chapter 2 and a minimum of Chapter 3 activities, only a limited number of contracts/purchases have been awarded from the locality in 2006.

4.5 Transparency and accountability

Downward reporting/accountability. Downward accountability is limited. People's Committees are informed about locality information via their Legislative Council representative. No other form of public announcement is pursued to inform the community about plans, budgets and audits.

Horizontal accountability. There is a high degree of horizontal accountability and cross-departmental information sharing takes place between the departments on a regular basis without the involvement of the Executive Director.

Regular meetings are held between NGOs and international organisations working in the locality and locality representatives. During the team's visit the Deputy Chairman of the Legislative Council returned from an information sharing meeting with UJN organisations working in the area.

Upward accountability. There is a strong upward accountability. Submission of budgets, audits and plans to the State have been in accordance with State guidelines. While no approval letter was shown for the annual plan the Executive Director stated that all documents have been approved including the plan.

Al Roseirees will receive funds for development project through CDF. The LIU office has been established with secondments from the locality. The CDF Steering Committee has held three meetings where the people's committees eligible for project support have been identified based on a scoring system aimed at identifying the most needed villages. No funds have been channelled for project

activities at the time of the assessment. There is good communication between the LIU manager and the locality.

4.6 Functioning of political institutions

Locality Legislative Council. A Legislative Council is in place and performs in accordance with the State 2006 Local Government Act. The Legislative Council was formed in March 2006 after the enactment of the 2006 local government act of Blue Nile State.

The Council meets two to three times a month. Minutes are available from all previous meetings and a separate register is kept to note down agenda items and resolutions of the Council.

Following the initial three meetings, with the objective of distributing responsibilities and posts among the Council members and agreeing of the internal regulations for Council operations, the Council is debating different relevant issues pertaining to the locality operations. These include: issues pertaining to revenue collection; shop construction; land use planning; and the internal audit reports. The Council decisions have been executed. The Council was established after the submission of the 2006 annual budget and plan and has therefore not been in a position to influence these.

People's Committees. There is no outreach from the locality to the people's committees. There is in the locality full awareness of the functioning of the people's committees, but no efforts have been made to train to committees in their operational procedures and no monitoring is undertaken. Training has been provided to some people's committees on issues pertaining to water and sanitation.

4.7 Human resource development/capacity building

Capacity building planning process. No capacity building plan has been developed (see also MQC section). Training is decided and undertaken by the State.

Quality of the Capacity Building Plan

Capacity building implementation

Monitoring of CB

4.8 Project supervision and monitoring

Contracts management and technical supervision. The locality currently does not have any contracts to manage, but do undertake monitoring of some Chapter 3 activities. CDF activities have not reached a state of programme implementation, and no contract management or supervision is therefore required for CDF activities. However, the locality does undertake minor project implementation through the 2% Chapter 3 implementation assigned to it by the State.

Implementation of Chapter 3 activities are reported to the State on a six month basis, which outlines delivery and implementation progress.

Monitoring and reporting. A committee has been established for monitoring implementation and outputs. The committee comprise of the Executive Director, the locality Engineer, a Member of the Legislative Council financial sub-committee and a representative of the relevant department. While the staff assured that regular implementation does take place no individual project reports were produced. In 2006 a total of SD 5,702,950 (80%) was implemented as of 31 July 2006, with a remaining SD 1,446,485 (20%) to be implemented in the remaining year.

5 Conclusions

5.1 Compliance with Minimum qualifying criteria

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 not produced the required capacity building plan and does therefore not comply with the CBSAC.

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:

- Development planning and budgeting capacity: a) capacity building in all preparatory aspects of planning, including basic analysis of locality needs and poverty specific analyses pertaining to needs of the vulnerable sections of the community; b) while the Legislative Council is involved in the locality planning process, participatory planning through inclusion of the broader community is still desirable; c) medium-term planning.
- Fiscal capacity: training in undertaking three-year projections of expected revenue generation.
- Financial management and audit capacity: capacity building in cash flow management to ensure timely payments and adequate liquidity, this should therefore be closer linked to the locality commitment system;
- Transparency and accountability: need for provision of guidelines on communication of information particularly downward to keep the public aware of what is happening and increase accountability.
- Functional political institutions: guidelines for monitoring people's committees' operations and provision of training from the locality to the committees in their functional role and operations.
- Human resource development/capacity building: assistance in assessing training needs of locality staff and developing capacity building plans to meet the current capacity gaps of locality departments. Introduce a system of staff audit and appraisal as the basis for capacity needs assessment and capacity building planning.

- Project monitoring and supervision: if the locality is expected to implement projects in the future capacity building is needed in all facets of the project management cycle.

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 Al Roseirees obtained 9 A's, 4 B's and 10 C's, which suggests that it shows "good" or "some" capacity in most functional areas examined but also that it remains weak in many areas.

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	B
Comprehensive/strategic medium term (3-4 years) plan in place	C
Budgeting capacity	A
Fiscal capacity	
Revenues	B
Revenue management (administration)	A
Expenditures	B
Financial management and audit capacity	
Budget execution and cash flow	B
Accounting	A
Internal Control	A
Procurement Capacity	
Procurement Organs	A
Procurement Process	A
Transparency and Accountability	
Downward reporting/accountability	C
Horizontal accountability	A
Upward accountability	A
Functioning of political institutions	
Locality Legislative Council	A
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	C
Monitoring and reporting	C

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

Future assessments should take into consideration the inclusion of the new Legislative Council in the 2007 budgeting and planning process, and the success of the new revenue generation efforts.

A number of indicators in the toolkit are less relevant for Blue Nile State as the State is currently the sole responsible party for implementing Chapter 3 (rehabilitation) and Chapter 4 (development) activities.

Appendix A: Check list

Background information about the locality

- ❑ Name: Al Roseirees
- ❑ Size of the local government in terms of population: 157,959
- ❑ Number of staff: 30 admin. 1567 chapter 1.
- ❑ Number of administrative units: 4 departments as per 2003 federal and 2006 state act
- ❑ Number of people's committees: 90
- ❑ Geographical location: in Blue Nile state 16 kilometres from the state capital Al Roseirees.
- ❑ Special features: SPLM Commissioner. NCP Chair of Legal Council

Apart from Chapter 2, the locality implements a little more than 8 million SD of Chapter 3 budget. Chapter 3 budget total is 344 million. Activities selected for locality implementation was decided at state level. No transparent criteria for which activities to be implemented by locality and which by state. Locality responsible for all aspects of implementation of their own share of Chapter 3 with completion reports to be submitted to the State. State transfers fund to locality. Letter with list of projects seen. Mid-year financial report seen. Projects include school rehabilitation and office construction.

Some tension was noticed between the NCP Legislative Council Chair and the SPLM Commissioner.

NOTE: Accounts of 2005 not approved by state yet. Same as Ed Damazin.

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>Obtain and review minutes from the Executive Committee for the previous and current financial year.</p> <p><i>There are no Executive Committees at localities in Blue Nile State.</i></p> <p>Did it meet as required (at least once per month)?</p> <p>Were meetings attended by the appropriate staff (the EC may co-opt technical resource persons)?</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.?</p>	
Planning capacity	Existence of a timely and council approved annual social and economic plan (Section 10 B of the LG Act, 2003)
<p>Obtain and review the annual plan for the current year (2005):</p> <p><i>No Chapter 2 plan.</i> <i>Chapter 3 plan in place. No separate plan for locality part of plan.</i></p> <p>Was the annual plan signed as per guidelines (Council Chairman, Commissioner)?</p> <p><i>Annual plan not signed.</i></p> <p>Did the annual plan include a project profile for each of the prioritized projects following the recommended format?</p> <p><i>Each project mentioned with budget, but no further details. Simple matrix form.</i></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)</p> <p><i>LC not in place before March 2006. This applies to all localities in Blue Nile State.</i></p>	
Budgeting capacity	Existence of a timely and Legislative Council approved annual budget
<p>Obtain and review the annual budget for the current year (2005).</p> <p>Has the annual budget been signed as per guidelines (Council Chairman, Commissioner)?</p> <p><i>- Proposal signed and forwarded to state 26/12/05. Signed by Exec. Dir.</i> <i>- Approved by state 1/1/06</i></p> <p>Has the annual budget been prepared as per guidelines?</p>	

<p>- Yes, and very detailed.</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.)</p> <p><i>N.a.</i></p>	
Financial interpretation of the plan	Clear link between annual plan and annual budget
<p>Review and compare the annual plan and budget. 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)?</p> <p><i>Priority projects are reflected in the budget. Not all projects. The plan is more extensive than the budget.</i></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><i>Yes, as plan and budget approved by the state.</i></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)?</p> <p><i>State responsibility, N.a.</i></p>	
	Capture of maintenance costs in the budget derived from the capital investments
<p>Review the annual plan (including project profiles). Has the locality an elaborated maintenance strategy for capital investments?</p> <p><i>N.a.</i></p> <p>Review the budget. Has the locality made provisions to meet maintenance costs of major investments?</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>Obtain a copy of the final accounts for the previous year-but-one and for the previous year.</p> <p>Review accounts and note the total locality own revenue in both years.</p>	

<p>2005: 38,445,825 SD 2004: 38,574,822 SD</p>	
<p>Have locality own revenues increased? By what percentage have they increased/decreased? 0%</p>	
	<p>Co-funding requirements complied with for capital investments</p>
<p>Obtain and check bank statement for the Project Account.</p> <p><i>N.a.</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)?</p> <p>Is there a record the amounts deposited on the bank accounts (co-funded) and dates?</p> <p>Obtain and review the budget for the current financial.</p> <p>Is there a provision for meeting the co-funding obligations?</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>	
	<p>Communities made their matching contributions for specific community projects</p>
<p><i>N.A. This only applies for the second assessment.</i></p>	
<p>Financial Management</p>	<p>Entire final accounts for the previous financial year produced on time and submitted for audit</p>
<p>Obtain the final accounts for the previous financial year.</p> <p>Were they prepared and completed on time?</p> <p><i>Yes, but 2005 accounts have not been approved by the State yet. This seems to be a problem with all localities in Blue Nile State.</i></p> <p>Were they submitted for audit before end of March (review submission letter and note date of submission)?</p> <p><i>Yes, according to accountant, but no submission letter available "only one copy which is with the state".</i></p>	
	<p>All books of accounts maintained up-to-date, including bank reconciliation</p>
<p>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.</p> <p><i>Bank balance as of 31/8: 17,607 SD</i></p> <p>Are they maintained?</p> <p><i>Yes</i></p> <p><i>Bank book signed by IA, updated 31/8 with same balance as Bank statement.</i></p>	

<i>Ledgers updated</i>	
Are they posted and up to-date (note dates of last postings)?	
<i>See above.</i>	
	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)
Has a project specific bank account been opened with the required approvals (e.g. resolution of Council specifying bank and branch)?	
<i>N.a.</i>	
Who are the signatories of the bank account?	
Do the signatories meet the guidelines?	
Financial Reporting – applicable in the second assessment year	Regularly and timely submission of financial statements to the State
N.A. (only for second assessment)	
	Regularly (minimum quarterly) financial statements provided to the Council
N.A. (only for second assessment)	
	Regularly and timely submission of financial statements (accountability reports) to the PIU
N.A. (only for second assessment)	
Internal audit	Internal audit function in place, including quarterly reports submitted to the Council and the State
Review internal audit reports for the previous and current financial years.	
<i>IA submits quarterly reports to general-auditor - not annual reports - the General-Auditor will then do the annual report.</i>	
Were they are prepared as required?	
<i>Yes.</i>	
Were the internal audit reports submitted to Council?	

<p><i>Yes, and discussed at Council meeting.</i></p> <p>Were the internal audit reports submitted to the State?</p> <p><i>Quarterly yes. Submitted 1/6/06, signed by Exec. Dir.</i></p>	
<p>Audit reports</p>	<p>Clean audit report for the last audited year</p>
<p>Check the audit report and review the opinion of the auditors.</p> <p><u>2004 general auditor report:</u></p> <p><i>1) Good relation between IA and Locality concerning exchange of information.</i></p> <p><i>2) 2003 recommendations of including store keeper in procurement committee not followed.</i></p> <p><i>3) Should stop direct payments from sub-units in the field.</i></p> <p>Were the comments "minor" only?</p> <p><i>Yes</i></p> <p>Have the comments already been addressed by the locality?</p> <p><i>Yes.</i></p> <p><i>2) Storekeeper now member of Proc. Com.</i></p> <p><i>3) No decentralized direct payments from now on.</i></p> <p><i>If yes to these two questions, the locality has passed the MQC.</i></p>	
	<p>No major financial irregularities noticed during the year and/or irregularities unsettled from previous years</p>
<p>Review the audit reports and other documentation.</p> <p>Has the locality reported major financial irregularities during the finance year?</p> <p><i>No.</i></p> <p>Has the locality not addressed financial irregularities from the previous year audits?</p> <p><i>N.a.</i></p>	

Procurement

Procurement Organ	Tender evaluation committee has been established and tender procedures are as per the regulations
<p>Is procurement being made by an Organ/Committee established as per procurement regulations?</p> <p><i>Yes, see also Performance Measures section</i></p> <p>Review minutes of the committee/organ. Establish the technical evaluation and procurement criteria and processes.</p> <p><i>Minutes dated 26/8/06. Criteria for selection were price and quality.</i></p>	
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.
<p>Review the minutes from the council meetings.</p> <p><i>LC established 03/06. First documented meeting 05/03/06.</i></p> <p>Does the Council meet as stipulated in the relevant laws and regulations?</p> <p><i>Yes, 2-3 times monthly. All meetings were minuted and separate book reflects main agenda and decisions. - Attendee list available</i></p> <p>Does the Council discuss the relevant issues (i.e. annual plans and budgets, audit and financial reports etc)?</p> <p><i>Yes.</i></p> <ul style="list-style-type: none"> - 5/3 inaugural selecting a secretary. - 8/3 internal regulations - 27/5 Committee of services presented proposal which was approved concerning: 1) industrial area definition, 2) implementation of residential plan in locality - 17/7 1) Approved proposal for new shops to increase revenue, 2) approved sub. Committee recommendations on IA report. 	

Staff functionality

Staffing	Position of Executive Director filled with requisite qualifications
<p>Review the structure and the staffing position of the locality.</p> <p>- Organisational chart in place. All positions filled.</p> <p>What are their qualifications?</p> <p>- Service admin chief: Military background, Ma in Military science. 18 years work experience from the military. 10 years experience from local government admin.</p> <p>- Education chief: Sudan secondary certificate. Two years of training courses. 34 years of experience all in Blue Nile State, except for 5 years in Yemen.</p> <p>What level and type of experience do they have?</p> <p>See above</p> <p>How many are on duty / actually working in the position?</p> <p>Fully covered.</p> <p>Exec. Dir.:</p> <p>University degree, certificate in PA. Different trainings. One year course in strategic planning. 27 years of work experience.</p>	
Staffing	Head of Administrative and Finance Affairs Section filled with requisite qualifications
<p>What are their qualifications?</p> <p>University degree in PA.</p> <p>What level and type of experience do they have?</p> <p>27 years of working experience, all related to PA.</p> <p>How many are on duty / actually working in the 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. <i>No.</i>
Human resource management function in place (designated unit/person)
Review the functional division of HRD tasks at the locality. <i>Unit, yes.</i> <i>Person interviewed.</i>

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?</p> <p><i>Not directly involved, but involved through LC. 2005 no LC, so no involvement.</i></p> <p>Does the planning process capture the needs of special groups?</p> <p><i>Not process, but plan includes projects for vulnerable such as enterprise training for women and vocational training.</i></p> <p>Are NGOs' participatory planning processes and approaches harmonised with those of the Localities (non-state actors involved in the participatory planning process)?</p> <p><i>NGOs at Roseirees and their plans are discussed at separate meetings, but not directly related to planning process.</i></p> <p>Are technical departments involved in the desk and field appraisal of development projects?</p> <p><i>Planning is based on inputs from technical departments. It is then forwarded for the planning committee for discussion and then forwarded to the state for approval.</i></p> <p>Are the annual plans, including project priorities, discussed by the Locality Executive Committee?</p> <p><i>N.a.</i></p> <p>Are the Committees of Council involved in the discussion of draft annual plans?</p> <p><i>N.a.</i></p> <p>Does the Locality Legislative Council discuss and approve the annual plan?</p> <p><i>N.a.</i></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?</p> <p><i>Yes, as budget approved, but no other hard evidence. Letter of submission to state signed by Commissioner 2/1/06. No endorsement letter available.</i></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.?</p> <p><i>No.</i></p> <p>Does it describe the participatory planning process through which the annual plan was developed?</p> <p><i>No.</i></p> <p>Does it analyse the locality-peculiar challenges and opportunities (e.g. in relation to gender, environment and poverty)?</p> <p><i>No.</i></p> <p>Does it outline the prioritised investments to address the identified challenges?</p> <p><i>Projects are prioritised, which is also mentioned in submission letter to the state.</i></p> <p>Does it propose the strategies the locality will use to implement the annual plan?</p> <p><i>No.</i></p> <p>Does it provide the strategies through which the locality will monitor and evaluate the annual plan?</p> <p><i>No.</i></p> <p>Does it give the costs of each of the prioritised investments (budget allocation) and sources of funding?</p> <p><i>Each project is costed, but not the source of funding. All funded by State however.</i></p> <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.)?</p> <p><i>No.</i></p>	
Comprehensive/strategic medium term (3-4 years) plan in place	
<p>Is there a strategic, medium term plan in place?</p> <p><i>No.</i></p> <p>Does it provide details of the background to the locality?</p>	

Does it describe the process through which the medium term plan was developed (linked to the annual planning process)?

Does it list challenges encountered during the previous process and strategy for deepening of the participatory planning process?

Does it give detailed analysis of locality challenges and opportunities?

Does it give detailed analysis of crosscutting issues including poverty, environment and gender?

Does it outline the locality Vision, goals, and objectives?

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)?

Does it give cost projects to implement the medium plan with indicative sources of funding?

Does it elaborate the implementation strategies for the medium term plan?

Does it elaborate the strategies to monitor and evaluate the implementation of the medium term plan?

Budgeting capacity

Does the locality take into account its previous performance in budgeting and budget follow-up when it does the yearly budgeting?

- *Chapter 2 is based on 2005 first 9 months.*
- *Chapter three is independent from previous experience.*

Are revenue projections made over the medium term (3-4 years)?

No.

Is budgeting based on available funds and identified sources?

*Chapter 2: Own revenue. However, the budget is larger than 2005 revenue generation, and the locality therefore expect the state to cover gap between own revenue and chapter 2 budget.
Chap 1+3 is from the state.*

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

6 month expenditures in 2006: 43,260,228 SD. 50% of 2006 budget: 48,865,000. Delivery rate: 88.5%

Are budget deviations legally approved?

N.a.

What is the share of total budget allocated to services prioritized in the PEAP?

6.8%. SD 6,600,000 all for gifts to the poor of chapter 2 budget of 97,730,000.

What is the percentage of total budget on non-chapter 1 salary items?

- 35.5%

Chapter 1: 799,992,276

Chapter 2: 97,730,000

Chapter 3: 342,935,000

Total: 1,240,657,276

Fiscal capacity

Revenues	
<p>Has been the increase in own source revenues over the past two years? 0%</p> <p>What is the percentage of revenues collected against the planned revenues (targets)?</p> <p>2005 planned: 61,370,000 SD, actual: 38,445,825 SD = 62.6%</p> <p>- Reason: 1) Fees on goods less than expected due to conflict. 2) wanted to sell forestry goods, but Min. of Agric. seized the funds!</p> <p>Are there clear strategies to improve own-revenues and fiscal capacity?</p> <p>- Increase in fee rates planned.</p> <p>- Better collection of housing tax.</p> <p>- Activate state law of dam tax, which should give the locality SD 3,000,000/yr.</p>	
Revenue management (administration)	
<p>Does the revenue collection reach the targets set?</p> <p>No, see above.</p> <p>Are accountability measures on revenue collection in place, such as registers, authorised collectors, banking, etc.?</p>	

<p>Yes:</p> <p>- Locality divided into sub-admin. Units. Each unit has collectors and police. Registers are in place. Regular IA inspections. See major books section.</p> <p>One collector met and his books checked. Latest receipt 10/9/06.</p> <p>Is feedback given to communities on the amounts of revenue collected and how it is used?</p> <p>Only informed through LC.</p>	
Expenditures	
<p>What is the level of administrative expenditure compared to own source revenues (%)? 2005: Chapter 1: 799,992,276, revenue: 38,445,825.</p> <p>What is the share of the costs for the Legislative Council out of the total budget?</p> <p>2006 budget: 12,600,000</p> <p>What is the share of the local revenue spent on capital investments?</p> <p>0%</p>	

Financial management and audit capacity

Budget execution and cash flow	
<p>Are cash inflows and outflows managed so that the LG is able to meet current payments promptly, according to financial commitments?</p> <p>Seasonal considerations: revenue collection in rural areas before the rains. Revenue collection in town during the rainy season.</p> <p>Is the Locality maintaining adequate liquidity, and not accumulating arrears or debts?</p> <p>No debts, but limited available liquidity.</p> <p>Is there a commitment control system in place?</p> <p>Yes, only commissioner and Exec. Dir. can commit.</p> <p>If so, who orders, signs, authorises, etc?</p>	
Accounting	

Are all books of accounts properly maintained and up to-date including:

- Creditor register; *Yes*
- Control of debt (registers etc.). *Yes.*

Revenue registers in place noting who has paid.

Revenue receipt book updated: 30/8/06, no. 737356.

Collectors account book: example. 22/6/06 No. 260432

Is the imprested/petty cash management, including register, functioning and up-to date?

Check receipt: 30/7/06, example No. 193

Petty cash receipt: example. 9/9/06 signed by accountant and Exec. Dir., stamped by IA

Register balanced 4/9/06. balance: 25,474 SD

Is there a functioning system of assets register and management?

Register exists with description of all items per room. No date for when it was updated.

Forms for taking assets in and out of room available.

Are inspections undertaken and inventories maintained of fixed assets?

N.a.

Are financial management documents kept safe and locked away (safes)?

Yes, locked and guard in place.

Internal Control

Is the internal audit function operational?

Yes, with monthly reporting. First report seen dated 1/06/06. Submitted to state.

Auditors transferred between localities every 3 months to ensure independence.

Is there evidence of follow up on the IA results?

Yes, see MQC.

Is there any evidence of an active system of internal control, such as written policies and procedures adopted/customised by the management (internal procedures)?

Monthly IA reporting. See also revenue section.

Is there any evidence of locality policies and procedures in place to ensure adherence to state policies, directives, laws and regulations?

Yes, as audit approved (2004).

Is there any evidence of policies and procedures in place to ensure safeguarding against mismanagement, errors, fraud, and other irregularities?

Yes: Exec Dir. - Financial controller to determine item line for payment - accountant for decision of whether to pay in cash or check - IA - Exec. Dir. for signature. Receipt stamped by IA.

Is there any evidence of policy procedures in place to promote orderly, economic, efficient and effective operations and delivery of services?

Bonus for all fields of work based on recommendation from chief.

Do internal accounting and reporting regulations and procedures exist?

Yes, see above.

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.

See above.

Do policies and procedures exist that safeguard against conflicts of interest?

Not available.

Procurement Capacity

Procurement Organs	
<p>Is the technical evaluation committee constituted with appropriate membership?</p> <p>Yes, Formed by Commissioner 8/2/06. Members: Exec. Dir., Store keeper, LC fin. Committee member, IA, Representative of relevant dept.</p> <p>Does the technical evaluation committee consider all procurement proposals before procurements are made?</p> <p>Yes.</p> <p>Example: school rehabilitation. Minutes from 25/2/06. Everything in accordance with procedure. Signed by Exec. Dir. and Commissioner.</p> <p>Does the procurement authorities (Commissioner) adhere to the recommendations of the technical evaluation committee (or explains non-adherence)?</p>	

<i>Yes. Duly signed by Commissioner.</i>	
Procurement Process	
Does a Procurement Plan exist (and is it derived from the approved plans and budgets)?	
<i>No.</i>	
Are bills of quantity (for works) and terms of reference (for services) prepared?	
<i>Yes.</i>	
<i>Example: school room with short description.</i>	
<i>Other criteria: Tax payment receipt. Experience. Guarantee.</i>	
<i>10% fee if not delivered on time.</i>	
Are all procurements advertised (as per the thresholds)?	
<i>Yes. In radio, TV and newspaper. Example. of 1/7/06.</i>	
Are proper evaluation criteria used for the bids and proposals?	
<i>See above</i>	
Is there timely and transparent award of contracts?	
<i>- Winner informed by telephone and through relevant LC member.</i>	
<i>- Competitors allowed to see the opening of bids.</i>	
Is there any communication to the locality about the tender awards?	
<i>Via PC chair only.</i>	

Transparency and Accountability

Downward reporting/accountability	
Is the public informed about:	
<i>Only though LC, no further outreach activities to the public.</i>	
<ul style="list-style-type: none"> • Indicative planning figures (before the start of the planning process)? • Approved projects in the annual plan (with reasons for some of the community needs not to be implemented in a particular year)? • Approved budgets indicating sources of funding and clearly specifying the required community contributions (both the volume and nature of contributions)? • Funds received to implement the projects and how they have been allocated? 	

<ul style="list-style-type: none"> • Opinion of the audit reports and how the locality is addressing the queries? • Project implemented (ongoing and completed) with explanations of variations with the plans if any? • Public <u>access</u> to financial information (plans, budgets, accounts and audit reports)? • Feed-back and information to the people's committees. 	
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?</p> <p><i>Yes, departments can go directly to other departments without having to go through the Exec. Dir.</i></p> <p>Is the regular submission of reports and provision of information to the Legislative Council?</p> <p><i>Yes. see LC section.</i></p> <p>Does the locality provide information to the non-state actors of the locality (other donor programmes, NGOs, private sector) to enhance synergies?</p> <p><i>Yes. regular NGO/UN meetings for information sharing. LC deputy chair just came back from such a meeting. Notes seen.</i></p>	
Upward accountability	
<p>Is the submission of the required reports to the State timely?</p> <p><i>Yes, see above.</i></p> <p>Is the submission of the required reports to the project implementation committee timely?</p> <p><i>N.a. SC has held three meetings and PCs selected. Minutes signed by LIU manager and Exec. Dir.</i></p>	

Functioning of political institutions

Locality Legislative Council	
<p>Are discussions in the Council of a reasonable quality, i.e. do they discuss the annual plan, budget, financial and audit reports etc.?</p> <p><i>Yes. see also above.</i></p> <p>Are council sub-committees established in required areas?</p> <p><i>Yes: 1) Fin. and Econ. affairs, 2) Legislative committee, 3) services committee, 4) council members af-</i></p>	

<i>fairs.</i>	
Are council sub-committees discussing the relevant issues related to their sectors?	
<i>Yes.: service proposals, financial reports etc. see Council minutes section.</i>	
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?	
<i>No. But awareness of function and composition.</i>	
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?	
<i>Only on non-admin matters such as water and sanitation training.</i>	
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?	
<i>No.</i>	

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)?	
<i>N.a.</i>	
Has the locality developed a comprehensive capacity building strategy/plan (formulated as per the recommended format)?	
Are the priorities in the CB plan within the project specified menu?	
Quality of the Capacity Building Plan	
Does the capacity building plan provide the background to the locality in the context of capacity building?	
<i>N.a.</i>	
Does it summarize the capacity building needs of staff, councillors, and people's committees identified through the capacity needs assessment?	

<p>Does it detail the mix of strategies through which the capacity building needs should be addressed?</p> <p>Does it cover both human resource development (enhancement of individual competencies) and institutional strengthening (re-tooling)?</p> <p>Does it outline strategies through which CB activities will be monitored?</p>	
Capacity building implementation	
<p>Are capacity building activities implemented by the providers recommended by the project?</p> <p><i>N.a.</i></p> <p>Are capacity building activities implemented as per the capacity building plan?</p>	
Monitoring of CB	
<p>Has the locality received reports from the training/CB activities?</p> <p><i>N.a.</i></p> <p>Has the locality followed-up on the capacity building efforts, e.g. through monitoring and evaluation?</p> <p>Have the staff and other stakeholders performance improved – are the expected outputs are in place?</p>	

Project Supervision and Monitoring

Contracts management and technical supervision	
<p>Are all projects implemented with appropriate contracts (agreements)?</p> <p><i>Yes, See procurement.</i></p> <p>Are all payments made with the required certification (no advances, payments made against outputs)? See procurement.</p> <p>Does the technical staff ensure that the projects are implemented on schedule and following the specifications?</p> <p><i>Yes, summary report of all locality chapter 3 activities report back to State level seen.</i></p>	
Monitoring and reporting	
<p>Has the locality developed a clear strategy for monitoring the implementation of projects?</p> <p><i>There is a committee for monitoring the outputs and implementation. No hard evidence however. Com-</i></p>	

mittee consists of: engineer, Exec. Dir., Relevant department, LC financial sub-committee.

Does the locality monitor all projects being implemented (monitoring of progress)?

Yes

Is there evidence that the locality conducts technical inspections of projects?

Only verbal.

Are progress reports arising from the monitoring and technical inspections exercises compiled?

No.

Is there evidence that the Executive Committee discusses the monitoring and technical inspection reports and makes management decisions?

Na

What is the percentage of projects implemented against the plan?

Already implemented: 5,702,950 SD. Remaining: 1,446,485 SD.

Appendix B: People met

Locality staff:

Legislative Council Chairperson

Legislative Council Deputy Chairperson

People's Committee representative

Commissioner

Executive Director

Head of Personnel

Head of Planning

Financial Controller

Accountant

Internal Auditor

Store Keeper

Clerk

Revenue Collector

Other:

LIU Manager

Appendix C: Documents made available and consulted

Annual plan 2006

Annual budget 2006 (Chapter 1, 2, 3 and 4)

Internal audit report 2005

Quarterly audit report 2006

Auditor-General's report for 2004

State approval letter of budget 2006

Procurement committee files (minutes, advertisement, proposal submitted, contract, instalment check)

Bank statement

Financial accounts 2004, 2005

Major books of accounts, check books, ledger books etc.

Asset management register

Petty cash register

Chapter 3 progress report to the State

Draft minutes of meeting with UN organisations