

The World Bank

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

Baw

Assessment report

September 2006

COWI

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Report no. 1
Issue no. 1
Date of issue 6 October 2006

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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 Baw, 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 Baw

Baw is a rural locality situated four hours drive south of the State capital Ed Damazin. It has a population of approximately 140,000 inhabitants scattered over an extensive savannah area. The economy is almost entirely based on agricultural production, in particular sorghum. Access to drinking water is scarce and a locality dam has therefore been constructed and is currently undergoing rehabilitation by the State and the IRC.

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 the commissioner posts are distributed equally between the NCP and SPLM. In Baw the Commissioner is from the NCP.

The Baw administration has four departments in accordance with the State 2006 Act, and three sub-administrative units in remote rural areas. All staff is seconded from Blue Nile State.

Baw is currently not part of the CDF funding scheme.

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 Baw 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, Baw 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) Baw locality has decided to keep all relevant accounting documents in the private home of the Financial Controller in Ed Damazin to enable easy access to the documents when needed for interaction with the State or bank services. The Team requested the locality to produce the documents in Baw or Ed Damazin, but this never materialized. As a consequence, the Team has not been in a position to assess critical accounting documentation for Baw.

2 Minimum qualifying criteria

2.1 Development planning and budgeting capacity

Functioning of the locality Executive Committee in development planning.

State regulations do not require an Executive Committee at locality level, accordingly there is no such Committee in place at Baw.

Existence of a timely and council approved annual social and economic plan. Baw locality has not produced a separate plan for 2006, but relies on the annual budget for listing upcoming activities.

Existence of a timely and Legislative Council approved annual budget.

Baw has an annual budget, which was assessed by the Team. According to the Financial Controller the annual budget has been prepared, signed and submitted in accordance with the guidelines. No submission letter was available.

The locality budget is divided into four chapters. Chapter 1 for locality staff salaries; Chapter 2 covers the operational costs of the locality; Chapter 3 covers rehabilitation of existing projects and Chapter 4 covers development of new projects. The State covers all funding under Chapter 1, 3 and 4.

As the Legislative Council of Baw 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. There is no evidence to suggest budgeting issues were discussed at the 2006 Legislative Council meetings.

Clear link between annual plan and budget. As there is no plan available, the locality only relies on the budget.

Capture of operational costs in the budget derived from capital investments. The Chapter 2 budget should fund non-salary operational costs. The locality has covered operational costs in Chapter 2. It was not feasible to assess whether the budget was sufficient, but funds were allocated for operational costs.

Capture of maintenance costs in the budget derived from capital investments. Small scale maintenance is captured in the Chapter 2 budget, while the State is responsible for larger scale maintenance and rehabilitation.

2.2 Fiscal capacity and financial management

No decrease in revenues in the nominal figures from the previous year-but-one to the previous. 2004 accounts were not available but the trend in 2006 suggests that the level of revenue will not decrease relative to the revenue generation of 2005:

Year	Revenue (SD)
2005	38,868,118
2006/6mth	27,711,486
Revenue to be collected in the remaining 6 months of 2006 to meet 2005 target	11,156,632

Revenue generation is higher prior to the rainy season in the first six months, than in the latter months of the year.

Co-funding requirements complied with for capital investments. Baw is currently not covered by the CDF programme and is not required to supply co-funding to CDF or any related development programme in the locality.

Entire final accounts for the previous year produced on time and submitted for audit. According to the financial Controller the final accounts for 2005 have been submitted to the State for approval on time, but no submission letter was available for verification. 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.

All books of accounts maintained up-to-date, including bank reconciliation. As the main documentation was not available (bank statement; bank book; ledgers; petty cash system and related accounting documentation) it was not feasible to ascertain whether all books of accounts were maintained and up-to-date. The said documentation is not kept at the locality premises and was not made available for the Team's assessment.

Project specific bank account(s) opened. Since Baw so far is not benefiting from any CDF or other project funds, no project specific accounts have been opened. Therefore this criterion is not relevant for Baw at present.

Internal audit (IA) function in place, including quarterly reports submitted to the Council and the State. An internal audit function is in place. According to the Financial Controller the internal auditor reports regularly to the State Auditor-General. The Auditor-General has approved the 2004 internal audit and financial accounts, but as in Ed Damazin and Al Roseirees the 2005 accounts have not yet been approved.

Clean audit report for the last audited year. The 2005 audit report has not yet been approved by the State. The 2004 audit report has only minor comments to the accounts. These include:

- 1) Auditors have not been shown the January till June salary sheets of 2003.
- 2) Purchase of mobile telephones for locality staff should follow State regulations. The regulations stress that only the Commissioner and the Executive Secretary may have access to State funded mobile telephone communication.
- 3) Asset register should be in place.

According to the Financial Controller item 1 and 2 have been properly dealt with. The locality has however still not introduced a system for asset management.

No major financial irregularities noticed during the year and/or irregularities unsettled from previous year. No financial irregularities were reported in 2004 according to the 2004 audit report.

2.3 Procurement

Tender evaluation committee has been established and tender procedures are as per the regulations. A procurement committee has been formed with membership of the Executive Director; the Head of Education; the Engineer; the Financial Controller; and the Internal Auditor. The Committee has only undertaken one procurement task in 2006. The Commissioner adheres to the recommendations of the Committee and endorses its decisions.

Minutes from the Procurement Committee meetings reflect the use of standard procedures for the procurement process from advertisement to the opening of bids which is in accordance with the State (MoF) guidelines. Criteria for selecting a contractor include: price; quality; solvency; with preference to local contractor. Clear criteria for quality were not outlined.

2.4 Functioning of political institutions

Legislative Council in place and operational, e.g. regular meetings, decisions etc. A Legislative Council is in place and operational, but so far it has not discussed any locality relevant issues pertaining to planning and budgeting.

The Legislative Council was formed in March 2006 after the enactment of the 2006 local government act of Blue Nile State. The Council is said to meet once a month. Minutes were not available, but according to an interview with a Council member the first meeting focused on the internal procedures of the Council, while more general issues pertaining to the development of the locality have been discussed in later meetings. There is no evidence to suggest that audit; budget; or plans have been debated at the Council meetings.

2.5 Staff functionality

The locality has an organisational chart illustrating the four main departments and the different divisions. According to the Executive Director all positions are filled.

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. He has 27 years of work experience, on locality level, from four different states in northern Sudan and must be assessed as fully qualified for the position.

Two additional higher ranking staff were interviewed. The Head of the education has 33 years of experience as a teacher and locality staff and holds a teacher's training certificate. The Head of the agriculture department has a diploma in agriculture and 27 years of experience with the locality administration.

Head of Administrative Finance Affairs Section filled with requisite qualifications. The Head of Administrative Finance was said to be in place, but was not available for interview and the staff was not able to clearly describe his background.

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 Baw locality. As in all localities, most staff working at Baw locality is seconded from the State, and the State is the authority responsible for training and education of locality staff. As a consequence, the locality relies on the State training plan.

3.2 Human resource management function

The locality has a personnel division, which is fully staffed.

4 Performance assessment

4.1 Development planning and budgeting capacity

Existence of a participatory planning process. The locality has no plan for 2006, but instead relies on the 2006 annual budget. With the exception of the Legislative Council there are no efforts at involving the community in the locality planning and budgeting process. The locality does however have frequent interaction with NGOs at the locality on the rehabilitation of the Baw dam.

The main institutional setup for ensuring community participation in development planning on a day-to-day basis is the Legislative Council, which represents the people's committees in the locality. However, there is little evidence to suggest that planning has been debated at the Legislative Council meetings. No outreach activities were undertaken in 2005 to ensure community involvement in the locality planning. There is no clear evidence of analysis of special needs or poverty related aspects of the locality for the identification of project activities.

Quality of the annual development plan - must adhere to the provided format. There is no locality plan available.

Comprehensive/strategic medium term (3-4 years) plan in place. There is no medium term plan in place.

Budgeting capacity. Chapter 2 budgeting capacity is limited with a fairly low budget execution rate for 2006. The budget is based on the performance of the first nine months of 2005. The revenue projections for 2006 are identical to the expected expenditures in 2006. Chapter 2 execution performance in the first six months of 2006 is 40% of the expected half-year expenditures, which is assessed to be insufficient. The locality expects a gap between the Chapter 2 budgeted expenditures and revenue generated in 2006. The overestimation of revenue generation is a standard practice of the locality to press the State to fill the gap. The total share of the Chapter 2 budget allocated for poverty eradication is 11%, which is the highest of the localities assessed in Kassala and Blue Nile State.

Compared to certain other localities Baw shows a fairly balanced allocation of funds between the four chapters: Salaries 27% (SD 240,000,000), development

(SD 544,276,000) and operational budget (SD 93,973,000). The total budget for Chapter 1-4 is SD 888,249,000.

The Chapter 1 budget derives 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. The financial accounts for 2004 were not available to be assessed for the change in revenue generation from 2004 to 2005. However, based on the revenues that have been generated for 2006 so far the locality will meet the 2005 level. In 2005 a total of SD 36,868,118 in revenue was generated against a budget of 40,400,000 equivalent to 91% of the target.

There are no clear strategies in place in support of increasing the revenues in the future. However the staff has some ideas, which include increasing certain fee rates and explore the possibilities of issuing new taxes.

Revenue management (administration). As noted above, Daw almost reached its revenue target for 2005 at 91%. An effective revenue generation 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 book for receipts. The Internal Auditor performs regular inspections of collectors' books and registers.

Books of revenue collectors; revenue accountant register; receipt books; bank payment receipts and internal audit check were all available, but only updated in February. The infrequent updating of the records is a consequence of the limited interaction with the locality main administration and the collectors situated in the more remote sub-administrative units. There is no communication of the total revenue collected to the locality community.

Expenditures. The current local revenue level is equivalent to 15% of the Chapter 1 budget. The budgeted expenditures for the Legislative Council in 2006 are 15 million SD equivalent to 1.7% of the total budget. All investments are undertaken through Chapter 3 and 4 funds from the State.

4.3 Financial management and audit capacity

Budget execution and cash flow. There is no plan or consideration of the running in-flow and out-flow of cash. Cash-flow management takes place by ensuring that the current cash-balance is sufficient to cover payments on a daily basis. Payments are deferred if the cash-balance is inadequate, which means the locality may at time build up arrears. The locality relies on the full year figures outlined in the annual budget. As major books of accounts including bank books were not available, it has not been possible to assess the level of liquidity.

The commitment control system is limited to that of the Executive Director approval. 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. With the exception of revenue related books and accounts, all major accounting documentation for 2004-2006 were kept with the Financial Controller in Ed Damazin, it was therefore not possible to assess the documents. Since the staff has no immediate access to some of the books of account it must be assumed that not all books of account are maintained up to date. Moreover, it means that not all books of account are kept orderly and safely.

No asset management system is in place, but an asset audit was performed at the handover of the locality administration from the previous Executive Director to the current last year.

Internal control. Baw has an internal audit function in place, which produces reports to the Auditor-General. The frequency of the reports is less clear and no reports were available for assessment. The team was able to verify that the Internal Auditor has performed audit of the revenue registers at the locality. It was not possible to assess whether regular audits have been conducted on other financial operations of the locality.

Efforts to curb mismanagement at the locality may however be distorted by the inaccessibility of accounting books and internal auditor reports on a daily basis.

This is not so much the case with revenue generation, where a standard procedure is in place which includes internal audit.

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

4.4 Procurement capacity

Procurement organs. A Procurement Committee has been established with membership of the Executive Director; the Head of Education; the Engineer; the Internal Auditor; and the Financial Controller. Only one procurement task has been undertaken in 2006 for the maintenance of Baw schools.

Procurement process. 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. 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, quality, and solvency of contractor. Preference is made to local contractors.

Any decision is signed by the Executive Director and forwarded to the Commissioner. In the past the Commissioner has adhered to the recommendations of the Committee and endorsed its decisions.

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

4.5 Transparency and accountability

Downward reporting/accountability. There is only limited downwards accountability in the locality. People's Committees are informed about locality information via their Legislative Council representative, but no other form of public awareness raising is pursued to inform the community about plans, budgets and audits.

Horizontal accountability. The level of internal horizontal accountability is very limited and cross-departmental information sharing is only undertaken on the request of the Executive Director.

Some external horizontal accountability is in place with ad hoc meetings being held with NGOs and international organisations working in the locality on a needs basis.

Upward accountability. Not possible to assess as submission letters were not available.

4.6 Functioning of political institutions

Locality Legislative Council. The locality has an operational Legislative Council, but the Council has still not undertaken relevant discussions pertaining to planning and budgeting.

The Legislative Council was formed in March 2006 after the enactment of the 2006 local government act of Blue Nile State. The Council meets once a month. No minutes are available from the meetings. Interview with a Council member revealed that the first meeting was used as a founding meeting determining internal regulations for Council operations and assigning posts. Other meetings were used to discuss locality development. Most noteworthy was the concern of the locality community of the possible side effects of ongoing mining in the locality.

Three sub-committees have been established: agriculture; education; and social service. There is no financial sub-committee.

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 the committees in their operational procedures and no monitoring is undertaken. Training has been provided to some people's committees by UNICEF on issues pertaining to water and health.

4.7 Human resource development/capacity building

Capacity building planning process. No capacity building plan has been developed (see also MQC section).

Quality of the Capacity Building Plan. The quality cannot be assessed as there is no plan in place.

Capacity building implementation. The implementation cannot be assessed as there is no plan in place.

Monitoring of CB. Monitoring cannot be assessed as there is no plan in place.

4.8 Project supervision and monitoring

Contracts management and technical supervision. No projects have been implemented.

Monitoring and reporting. There are no project monitoring procedures in place at the locality.

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) the need for developing a guideline for the inclusion of the Legislative Council in the locality planning process and participatory planning through inclusion of the broader community; c) capacity building for medium-term planning.
- Fiscal capacity: a) capacity building for identifying strategies for improving local revenue generation; b) training in undertaking three-year projections of expected revenue generation.
- Financial management and audit capacity: a) training and guidelines for proper maintenance and filing of financial accounts and bank related documentation; b) capacity building in assets management; c) capacity building for better 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: a) guideline for closer involvement of the Legislative Council in locality operations; b) 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 Baw obtained 3 A's, 6 B's and 14 C's, which suggests that it shows weak capacity in most functional areas examined, while signs of "good" or "some" performance is only seen in a small number of 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	C
Comprehensive/strategic medium term (3-4 years) plan in place	C
Budgeting capacity	B
Fiscal capacity	
Revenues	B
Revenue management (administration)	A
Expenditures	B
Financial management and audit capacity	
Budget execution and cash flow	B
Accounting	C
Internal Control	B
Procurement Capacity	
Procurement Organs	A
Procurement Process	A
Transparency and Accountability	
Downward reporting/accountability	C
Horizontal accountability	C
Upward accountability	C
Functioning of political institutions	
Locality Legislative Council	B
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:

- 1) The current lack of planning at the locality.
- 2) The inclusion of the new Legislative Council in the 2007 budgeting and planning process.
- 3) Access to all relevant books of accounts.

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: Baw
- ❑ Size of the local government in terms of population: approximately 140,000
- ❑ Number of staff: Not available
- ❑ Number of administrative units: Four departments in accordance with 2006 State Act.
- ❑ Number of people's committees: Not available
- ❑ Geographical location: In Blue Nile State four hours south of Ed Damazin
- ❑ Special features: Baw is a rural locality covering extensive savannah landscape. The locality administration is located in the village of Baw. Electricity is available to generators for the locality office, but no electronic communication equipment is available. The locality has three sub-administrative units in remote rural areas. To ensure communication with the State and ease access to service facilities such as bank operations the locality operated a liaison office in Ed Damazin until recently. The office has now been closed, but the Financial Controller still keeps relevant financial documentation at his private residence in Ed Damazin to ease operations.

The visit was marred by the arrival of the State Governor (Wali) who came to open an NCP office. Consequently, key staff was engaged in the preparation of the visit.

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 is no Executive Committee in Baw</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>Baw locality does not have a development plan for 2006.</i></p> <p>Was the annual plan signed as per guidelines (Council Chairman, Commissioner)?</p> <p>Did the annual plan include a project profile for each of the prioritized projects following the recommended format?</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>	
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><i>The 2006 budget was signed and forwarded to the State on time. According to the Financial Controller the budget has been approved, but no hard evidence was available.</i></p> <p>Has the annual budget been signed as per guidelines (Council Chairman, Commissioner)?</p> <p>Has the annual budget been prepared as per guidelines?</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>The Council was only established in March 2006 following the approval of the State local government</i></p>	

<i>Act. The Council has therefore not been in a position to discuss the 2006 budget.</i>	
Financial interpretation of the plan	Clear link between annual plan and annual budget
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)? <i>N.a.</i>	
Sustainability in the budgeting process	Capture of operational costs in the budget derived from the capital investments
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? <i>As the budget has been approved by the State, they have agreed to fund Chapter 1, 3 and 4.</i> 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)? <i>N.a.</i>	
	Capture of maintenance costs in the budget derived from the capital investments
Review the annual plan (including project profiles). Has the locality an elaborated maintenance strategy for capital investments? <i>N.a.</i> Review the budget. Has the locality made provisions to meet maintenance costs of major investments? <i>N.a.</i>	

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
Obtain a copy of the final accounts for the previous year-but-one and for the previous year. <i>2004 statistics not available</i> <i>2005: SD 38,868,118</i> <i>2006/6mth: SD 27,711,486</i> <i>The bulk of the revenue collection takes place in spring prior to the rainy season. It is therefore not feasible to use the first six months as an estimate for the whole year.</i>	

Review accounts and note the total locality own revenue in both years.	
Have locality own revenues increased? By what percentage have they increased/decreased? <i>Not feasible to say, but likely that there is no decrease.</i>	
	Co-funding requirements complied with for capital investments
Obtain and check bank statement for the Project Account. <i>N.a.</i> 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)? Is there a record the amounts deposited on the bank accounts (co-funded) and dates? Obtain and review the budget for the current financial. Is there a provision for meeting the co-funding obligations? <i>(In the second year, it will be important to ascertain whether co-funding obligations for the previous year were actually complied with.)</i>	
	Communities made their matching contributions for specific community projects
<i>N.A. This only applies for the second assessment.</i>	
Financial Management	Entire final accounts for the previous financial year produced on time and submitted for audit
Obtain the final accounts for the previous financial year. Were they prepared and completed on time? <i>Yes.</i> Were they submitted for audit before end of March (review submission letter and note date of submission)? <i>Yes.</i>	
	All books of accounts maintained up-to-date, including bank reconciliation
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. Are they maintained? <i>Bank statement, books, ledgers etc. are all in the private home of the Financial Controller in Ed Damazin. The Financial Controller was requested to approach the team at the LIU the following day with the evidence. This never materialized.</i>	

Are they posted and up to-date (note dates of last postings)?	
<i>N.a.</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>2004 Auditor-Generals report available. 2005 still not approved by the State.</i>	
Were they are prepared as required?	
Were the internal audit reports submitted to Council?	
<i>Not feasible due to late establishment of Council</i>	
Were the internal audit reports submitted to the State?	
<i>Yes, however no submission letter was available.</i>	

Audit reports	Clean audit report for the last audited year
<p>Check the audit report and review the opinion of the auditors.</p> <p>2004 audit report:</p> <p><i>1) Auditors have not seen the salary sheets for January till June 2003.</i></p> <p><i>2) Purchasing of mobiles to staff should follow State guidelines.</i></p> <p><i>3) Asset register should be in place.</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>ad 1) Fully adhered to in 2005</i></p> <p><i>Ad 2) Practice of purchasing mobiles to locality staff stopped.</i></p> <p><i>Ad 3) No, no registers in place.</i></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
<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, procurement committee in place.</i></p> <p>Review minutes of the committee/organ. Establish the technical evaluation and procurement criteria and processes.</p>	

<i>Minutes seen (26/4/06)</i>	
<i>Process in place:</i>	
<ul style="list-style-type: none"> - <i>Advertisement with specifications</i> - <i>Date for screening</i> - <i>List price and quality</i> - <i>Financial ability of the contractor</i> - <i>Time required to implement project</i> 	
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>Legislative Council established in March. First session held 23 March 2006 - procedural session.</i></p> <p>Does the Council meet as stipulated in the relevant laws and regulations?</p> <p><i>Monthly meetings</i></p> <p>Does the Council discuss the relevant issues (i.e. annual plans and budgets, audit and financial reports etc)?</p> <ul style="list-style-type: none"> - <i>First meeting held to decide on the distribution of posts.</i> - <i>Second meeting decided on sub-committees and sub-committee membership.</i> - <i>Not clear if IA, plans etc. have been discussed</i> 	

Staff functionality

Staffing	Position of Executive Director filled with requisite qualifications
<p>Review the structure and the staffing position of the locality.</p> <p><i>Organisational chart is in place and all posts are filled.</i></p> <p>What are their qualifications?</p> <p><i>1) Head of education: higher secondary school certificate. Teachers' training certificate. 33 years of teacher experience.</i></p> <p><i>2) Head of agriculture. Diploma in agriculture. 27 years of work experience.</i></p> <p>What level and type of experience do they have?</p> <p>How many are on duty / actually working in the position?</p> <p>Executive Director:</p> <p><i>University degree. Training in public administration. 26 years of experience. Worked in 4 different states in northern Sudan.</i></p>	
Staffing	Head of Administrative and Finance Affairs Section filled with requisite qualifications
<p>What are their qualifications?</p> <p><i>Not available</i></p> <p>What level and type of experience do they have?</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>Training is centralised and no plan has been developed.</i>
Human resource management function in place (designated unit/person)
Review the functional division of HRD tasks at the locality. <i>Unit in place and staffed</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>N.a. as no plan in place</i></p> <p>Does the planning process capture the needs of special groups?</p> <p><i>N.a.</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 coordinate with the locality on issues such as the rehabilitation of Baw dam.</i></p> <p>Are technical departments involved in the desk and field appraisal of development projects?</p> <p><i>N.a.</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>Does the state level (Council of Ministers and State Assembly) review and endorse priority investments with recurrent cost implications to the state level?</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>N.a.</i></p> <p>Does it describe the participatory planning process through which the annual plan was developed?</p> <p>Does it analyse the locality-peculiar challenges and opportunities (e.g. in relation to gender, environment and poverty)?</p> <p>Does it outline the prioritised investments to address the identified challenges?</p> <p>Does it propose the strategies the locality will use to implement the annual plan?</p> <p>Does it provide the strategies through which the locality will monitor and evaluate the annual plan?</p> <p>Does it give the costs of each of the prioritised investments (budget allocation) and sources of funding?</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>Comprehensive/strategic medium term (3-4 years) plan in place</p>	
<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> <p>Does it describe the process through which the medium term plan was developed (linked to the annual planning process)?</p> <p>Does it list challenges encountered during the previous process and strategy for deepening of the participatory planning process?</p> <p>Does it give detailed analysis of locality challenges and opportunities?</p> <p>Does it give detailed analysis of crosscutting issues including poverty, environment and gender?</p> <p>Does it outline the locality Vision, goals, and objectives?</p> <p>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)?</p> <p>Does it give cost projects to implement the medium plan with indicative sources of funding?</p>	

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?	
<i>Budgeting is based on the performance of the budget of the previous year.</i>	
Are revenue projections made over the medium term (3-4 years)?	
<i>No</i>	
Is budgeting based on available funds and identified sources?	
<i>Chapter 2 is based on own revenue generation. A foreseen gap between revenue generated and Chapter 2 expenditures in 2006 is expected to be covered by the State.</i>	
<i>Chapter 1, 3 and 4 budget is made by the State.</i>	
What is the budget prediction capacity/execution performance (% of deviation from budget)?	
<i>Chapter 2 budget is 93 million. First six months of 2006 37 million was spent, equivalent to 40%.</i>	
Are budget deviations legally approved?	
<i>N.a.</i>	
What is the share of total budget allocated to services prioritized in the PEAP?	
<i>SD 10 million for gifts to poor out of 93 million. 11%.</i>	
What is the percentage of total budget on non-chapter 1 salary items?	
<i>Chapter 1: SD 240,000,000</i>	
<i>Chapter 2: SD 93,973,000</i>	
<i>Chapter 3 and 4: SD 554,276,000</i>	
<i>Total: SD 888,249,000.</i>	
<i>Non-chapter 1: 73%</i>	

Fiscal capacity

Revenues	
<p>What been the increase in own source revenues over the past two years?</p> <p><i>Not available.</i></p> <p>What is the percentage of revenues collected against the planned revenues (targets)?</p> <p><i>2005: collected: SD 36,868,118. Budget: SD 40,400,000. = 91%</i></p> <p>Are there clear strategies to improve own-revenues and fiscal capacity?</p> <p><i>- Raising existing fee.</i></p> <p><i>- Looking for new taxes to be issued.</i></p>	
Revenue management (administration)	
<p>Does the revenue collection reach the targets set?</p> <p><i>More or less.</i></p> <p>Are accountability measures on revenue collection in place, such as registers, authorised collectors, banking, etc.?</p> <p><i>Yes, but not fully clear to the Financial Controller. Training has been provided to revenue collectors and the internal auditor audits the collection books.</i></p> <p>Is feedback given to communities on the amounts of revenue collected and how it used?</p> <p><i>Via Legislative Council only.</i></p>	
Expenditures	
<p>What is the level of administrative expenditure compared to own source revenues (%)?</p> <p><i>15%</i></p> <p>What is the share of the costs for the Legislative Council out of the total budget?</p> <p><i>SD 15,000,000 in 2006. 1.7%</i></p> <p>What is the share of the local revenue spent on capital investments?</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><i>Not considered</i></p> <p>Is the Locality maintaining adequate liquidity, and not accumulating arrears or debts?</p> <p><i>Information not available</i></p> <p>Is there a commitment control system in place?</p> <p><i>The Executive Director is the only person authorised to commit funds.</i></p> <p>If so, who orders, signs, authorises, etc?</p>	
Accounting	
<p>Are all books of accounts properly maintained and up to-date including:</p> <ul style="list-style-type: none"> • Creditor register; • Control of debt (registers etc.). <p><i>Revenue receipt book; accounts and licence book seen. Updated 25/2/2006.</i></p> <p>Is the imprested/petty cash management, including register, functioning and up-to date?</p> <p><i>All relevant accounting documentation in Damazin. Latest ledgers available are from 2000.</i></p> <p>Is there a functioning system of assets register and management?</p> <p><i>No asset management system in place, but assets registered at the latest handover between Executive Directors.</i></p> <p>Are inspections undertaken <u>and</u> inventories maintained of fixed assets?</p> <p><i>No</i></p> <p>Are financial management documents kept safe and locked away (safes)?</p> <p><i>No</i></p>	
Internal Control	

Is the internal audit function operational?

Yes. IA function in place

Is there evidence of follow up on the IA results?

Revenue registers have been audited with red marker. Other documentation is in Damazin.

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

Only limited revenue control system

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?

Payment procedure: Executive Director authorises payment. Financial controller checks availability. Accountant determines budget line. IA approves payment. Financial Controller and Executive Director signs.

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

Bonus system in place.

Do internal accounting and reporting regulations and procedures 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.

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

No.

Procurement Capacity

Procurement Organs	
<p>Is the technical evaluation committee constituted with appropriate membership?</p> <p><i>Yes, the Committee comprise of the Executive Director; the Head of Education; the Engineer; the Financial Controller; and the IA.</i></p> <p>Does the technical evaluation committee consider all procurement proposals before procurements are made?</p> <p><i>Yes, but only one case in 2006: maintenance of Baw schools</i></p> <p>Does the procurement authority (Commissioner) adheres to the recommendations of the technical evaluation committee (or explains non-adherence)?</p> <p><i>Yes</i></p>	
Procurement Process	
<p>Does a Procurement Plan exist (and is it derived from the approved plans and budgets)?</p> <p><i>No</i></p> <p>Are bills of quantity (for works) and terms of reference (for services) prepared?</p> <p><i>The Head of education formulated the requirements. No documentation available.</i></p> <p>Are all procurements advertised (as per the thresholds)?</p> <p><i>Advertised 22 August 2006 through local radio, TV and newspaper and announced via the people's committees.</i></p> <p>Are proper evaluation criteria used for the bids and proposals?</p> <ul style="list-style-type: none"> - <i>Price</i> - <i>Quality</i> - <i>Financial ability</i> - <i>Preference to local contractor</i> <p>Is there timely and transparent award of contracts?</p> <p><i>The locality allows the competitors to attending the opening of bids. Also published on locality board three days after award of contract</i></p> <p>Is there any communication to the locality about the tender awards?</p> <p><i>Awarded 2/9/2006 10 winners for 10 villages.</i></p>	

Transparency and Accountability

Downward reporting/accountability	
<p>Is the public informed about:</p> <p><i>Only through LC. No outreach activities.</i></p> <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? • 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>Departments only share information through the Executive Director. There are no cross-departmental meetings.</i></p> <p>Is the regular submission of reports and provision of information to the Legislative Council?</p> <p><i>Yes, but no documentation available.</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>Some meetings are held with NGOs</i></p>	
Upward accountability	
<p>Is the submission of the required reports to the State timely?</p> <p><i>Difficult to assess as submission letters are not available.</i></p> <p>Is the submission of the required reports to the project implementation committee timely?</p> <p><i>N.a.</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>No background information available on LC meetings agenda. No minutes.</i></p> <p>Are council sub-committees established in required areas?</p> <p><i>Three sub-committees: Agriculture; Education; and Social service. None in finance and planning.</i></p> <p>Are council sub-committees discussing the relevant issues related to their sectors?</p> <p><i>One of the issues debated was the side effects of the ongoing mining in the locality.</i></p>	
People's Committees	
<p>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?</p> <p><i>No</i></p> <p>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?</p> <p><i>UNICEF training in water and health only</i></p> <p>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?</p> <p><i>PCs approach locality if problem/challenge emerges. No outreach from the locality side.</i></p>	

Human Resource Development/ Capacity Building

Capacity building planning process	
<p>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)?</p> <p><i>No</i></p> <p>Has the locality developed a comprehensive capacity building strategy/plan (formulated as per the recommended format)?</p>	

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

Project Supervision and Monitoring

Contracts management and technical supervision	
Are all projects implemented with appropriate contracts (agreements)?	
<i>N.a.</i>	
Are all payments made with the required certification (no advances, payments made against outputs)?	
Does the technical staff ensure that the projects are implemented on schedule and following the specifications?	

Monitoring and reporting	
<p>Has the locality developed a clear strategy for monitoring the implementation of projects?</p> <p>Does the locality monitor all projects being implemented (monitoring of progress)?</p> <p>Is there evidence that the locality conducts technical inspections of projects?</p> <p>Are progress reports arising from the monitoring and technical inspections exercises compiled?</p> <p>Is there evidence that the Executive Committee discusses the monitoring and technical inspection reports and makes management decisions?</p> <p>What is the percentage of projects implemented against the plan?</p>	

Appendix B: People met

Locality staff:

Legislative Council Member

People's Committee representative

Executive Director

Head of Education

Head of Agriculture

Financial Controller

Accountant

Clerk

Revenue Collector

Appendix C: Documents made available and consulted

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

Internal audit report 2005

Auditor-General's report for 2004

State approval letter of budget 2006

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