

**The World Bank**

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

**Dilling**

Assessment report

September 2006

COWI

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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 Dilling, 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 Dilling**

With a population of approximately 150.000, Dilling locality is part of Southern Korfordan and is situated in the northern part of the Nuba mountains. The locality has 5 administrative units and 119 Peoples' Committees.

Dilling is a comparatively well-established locality with a history as a local government going back to 1951. It was earlier a rural council, district council, and then a province before it acquired the status of locality.

The locality includes a number of towns with urban or semi-urban features, with Dilling town itself largely an urban centre. It is a multi-tribal locality with mixed Arab and Nuba tribes.

Dilling has distinct dry (7 months a year) and rainy seasons with all roads of the locality accessible throughout the year. Only certain remote areas of the locality are difficult to access at certain times of the year.

The main economic activities of the locality include cultivation, cattle, sheep, goats, and retail trade. In the urban areas iron work, wood work, construction and clothes production are also important activities.

## **1.2 Assessment context**

A reservation with regard to the assessment of Dilling is that the Legislative Councils and Executive Committees are not in place due the pending approval of the State Constitution. For this reason it was not possible to address the full range of questions in the toolkit.

## 2 Minimum Qualifying Criteria

### 2.1 Development Planning and Budgeting Capacity

#### **Functioning of the Locality Executive Committee in development planning.**

The Legislative Council and its Executive Committee is not in place due to the still pending approval of the Local Government Act for Southern Kordofan. For lack of the Executive Committee an ad hoc Committee was established in 2005 to ensure cross-departmental coordination in development planning. The main function of the Committee is to discuss and agree on plans and budget issues. Minutes (12/5-2006) were available to verify that the committee meets monthly and that it discusses budget and planning questions.

The committee is mainly non-political with participation of the heads of departments and, based on needs, technical staff.

**Timely and council-approved annual social and economic plan.** The annual plan of the locality consists of a list of prioritized projects sent to the State level to request funding. It was developed in mid-year based on a directive from the new State Government for all localities to prepare updated plans and budgets for the June-December 2006 period. The project list was signed by the Commissioner.

The input to the plan is based on assessments of needs and priorities prepared by the respective Heads of Departments and their technical specialists. These inputs are then discussed at the meeting among the Heads and with the Executive Director, and an overall priority project list is drawn up. The project list is presented as part of the minutes of decision of the meeting (ref. minutes 12/4-2006) and is not presented in any prescribed format. It was not clear if the planning process described represents a standard procedure or an ad hoc solution of the locality to the State level's specific request for project priorities.

The project list is not signed by the Chairman or discussed in the Council since this is not yet in place.

**Timely and Legislative Council-approved annual budget.** The budget has been prepared in accordance with the State level procedures. It has been signed by the Commissioner and was discussed during the meeting 12/5-2006. It was discussed and approved within the deadline set by the State. No Council has been in place to enable its discussion and approval of the plan.

**Clear link between annual plan and annual budget.** The priority projects agreed during the May 2005 meeting are reflected in the locality budget prepared on the same occasion. However, as stressed by the staff, there is no guarantee of State funding, which means there is no certainty that the final budget will be clearly linked to the plan.

**Capture of operational costs in the budget derived from capital investments.** There is no direct link between the budget's operational costs (chapter 2) and the capital budget. The locality prepares its operational budget based on extrapolations from previous years with no direct consideration of cost implications of new, expected investments. This partly reflects that the locality has no information about which investments will be approved by the State and hence what costs it should include at the time the budgets are prepared. However, some items in the investment part may be reflected in the recurrent part.

**Capture of maintenance costs in the budget derived from the capital investments.** Some maintenance costs have been included in the budget (chapter 3) and some of these reflect the investments proposed. However, there is no overall, direct link between the project list and the maintenance budget. Moreover a "strategy" to ensure funds for maintenance is e.g. to obtain rents for the locality sheds, which can then finance maintenance. Besides this there is no explicit strategy for maintenance.

## 2.2 Fiscal Capacity and Financial Management

**No decrease in own revenues in nominal figures for the previous year but one to the previous year.** In 2003, the locality's own revenue was 61.6 million SD which in 2004 rose to 75.9 million SD and in 2005 to 79.8 million SD. Collections for January-June 2006 were 39.9 million SD. A 5% increase was therefore seen in 2005 while for 2004 the increase was 23%. It is noted that the increases have been stemmed by the removal of certain cattle and cotton taxes from the locality to the State level.

**Co-funding requirements complied with for capital investments.** The locality does not participate in arrangements where co-funding is required, which makes the criterion irrelevant.

## 2.3 Financial Management

**Entire final accounts for the previous financial year produced on time and submitted for audit.** The financial accounts for 2005 were produced and sent to the State 16<sup>th</sup> March, 2006, i.e. before the end of March deadline.

**All books of accounts maintained up to date.** All books of accounts are maintained and up to date.

**Project specific account opened and ready for operations.** The locality is not involved in any projects that require specific accounts.

**Internal audit function in place, including submission of quarterly reports to the Council and the State.** An internal audit function was reported to be in place although it was not possible to meet the auditors. It is said that auditing takes place concurrently by checking of accounts as opposed to mainly in connection with the final accounts. No quarterly internal audit reports are prepared or shown to the team.

**Clean audit report for the last audited year.** An internal audit report was said to have been produced, but it was not possible to obtain it.

**No major financial irregularities noticed during the year and/or irregularities unsettled from previous years.** There was no information or indication about irregularities having occurred but neither was there any audit report to confirm this.

## 2.4 Procurement

**Tender evaluation committee has been established and tender procedures are as per regulations.** Dilling has established a standing procurement committee, which consists of Head of Finance (as Head of the Committee), Head of Administrative/Economic Affairs, Storekeeper, and the relevant Head of Department depending on the procurement made.

Tenders below 30,000 are awarded directly, while tender processes are required for tenders in the range 30,000-1,000,000 SD (tenders of higher amounts are managed at State level) based on price and quality criteria. The normal procedure is to invite selected suppliers to present price offers based on technical specifications provided by the locality. Based on the offers collected, the decisions on suppliers are made in a meeting of the committee. The exact criteria for evaluating price and quality could not be explained and no minutes from the procurement committee meetings were available. The examples referred to include slaughter house construction and the overhaul of vehicles.

## 2.5 Functioning of Political Institutions

**Legislative Council in place and operational.** As noted earlier, the Legislative Council does not exist at present due to the pending approval of the new Local Government Act. The former Legislative Council was dissolved after the coming into power of the new State Government in 2005.

## 2.6 Staff Functionality

**Positions of Executive Director filled with requisite qualifications.** The position of Executive Director is filled. The Director has a University degree in Russian (bachelor) and has worked in Dilling locality for more than 20 years (he does not have experience from elsewhere). While his educational background is not fully relevant, his extensive experience from the locality admini-

stration combined with the public administration training he has received during his career, is adequate qualification for the position. However, the experience with participatory development planning and budgeting does not appear strong.

All positions of the locality are said to be filled, although the locality has not yet provided an organisational chart for illustration. It was not possible to obtain the total number of staff working in the locality.

**Head of Administration and Finance Affairs Section filled with requisite qualifications.** The Head of Administration position is filled. His educational background is in planning (bachelor) supplemented by more than 18 years of experience, including from the State Ministry of Planning. He has worked in Dilling for the past four years. On this basis the qualifications are adequate for the position, although the experience with participatory approaches was not clearly identifiable.

### 3 Capacity Building Support Access Criteria

#### 3.1 Human Resource Development Capacity

**Capacity building/training plan in place specifying how the capacity building support will be spent.** The locality has not prepared any capacity building plan or training plan, nor any plan for spending of capacity building funds. The specific form administered by the State Ministry has, however, been completed with the desired training of the staff and sent to the State. No feedback has been received yet.

**Human resource function in place (designated unit/person).** A Head of Staff is in place under the Head of Administration. No specific unit for human resource management seems to be in place, however (as noted the organisational chart has not yet been made available).

## 4 Performance Assessment

### 4.1 Development Planning and Budgeting Capacity

**Existence of a participatory planning process.** There is no actual participatory planning process in place in the locality. As noted earlier, the Legislative Council and the Executive Committee are not in place to enable their discussion of the project priorities in the plan. The priorities in the plan are mostly agreed to administratively in discussions between Heads of Department and the Executive Director with approval from the Commissioner.

The People's Committees may play the role of raising concerns and priorities of the communities but they do not appear to play any role in participatory consultations with the communities. No minutes exist of the committee meetings and no reference was made by the locality to such meetings by the committees.

With regard to the NGOs working in the locality, no harmonization exists of their participatory approaches (to the extent such are used) with the planning approaches of the locality administration.

There are no actual appraisals undertaken in the locality since projects are decided at the State level, although there may be some interaction between the State level and the technical staff of the locality when projects are decided.

The State level's approval of plans is only known once the actual budget has materialised in the form of investment funding provided.

**Quality of the annual development plan - must adhere to the provided format.** There is no annual plan in a format as defined by the toolkit. Instead the aforementioned project list for the June-December 2006 period exists but this does not follow any preset format. The projects are presented together with the minutes of decision (12/5-06) of the May 2006 meeting where the plan was agreed.

The minutes do touch on specific challenges and related project options are discussed and noted in the minutes. However, the minutes and project lists do not include general background information to the locality, nor do they describe any participatory process for development of the plan or analyse poverty, cross-cutting issues, implementation and monitoring strategies. The projects are only

presented as themes with no detailed information on objectives, technical specifications, funding, etc.

**Comprehensive strategic medium-term plan in place.** The locality does not have a strategic medium-term plan in the sense of a document including medium-term analysis, strategic objectives, outputs, timelines, etc. A costed list of priority projects for the period 2006-9 exists consisting of 11 projects (water holes, hand pumps, health centre, schools, etc.). The list was developed on the request of the State (all localities were asked to prepare such a list)

**Budgeting capacity.** The locality considers its previous performance when budgeting by extrapolating average outturns from the past three years. At the same time the recurrent needs based on future investments are not systematically considered when the locality prepares its recurrent budgets.

The budgeting is not based on known sources and ceilings for two main reasons: The State-determined resource envelope is not known to the locality in advance and the own revenue projections are not realistic (e.g. actual own revenue collection was 46% of projections for 2006). Revenue projections are not made beyond one year.

## 4.2 Fiscal Capacity

**Revenues.** As noted earlier own revenues increased by approximately 23% in 2004 and 5% in 2005. The collections so far made for 2006 indicate that roughly the same level will be achieved as in the previous year. Considering that certain revenue sources have been moved from the locality level (cattle tax, slaughterhouse tax), the ability to maintain the same levels is evidence of Dilling's good performance in revenue collection.

Weaker performance is seen in the area of target achievement and strategies for increasing own revenues. Targets for 2005 and 2006 are 169 million SD and 189 million SD. This means that compliance in 2005 was at 47% while for 2006 collections made so far (39 million SD) indicate that the target will not be met. There are no explicit or clear strategies for improving revenue collections to achieve the targets. There are hopes for "getting more cars and people" to carry out the collections and increasing house rents was also mentioned as an option.

**Revenue management.** As noted above, revenue management is weak in the area of target setting and compliance. At the same time, revenue management is satisfactory in the area of complying with procedures with regard to registers, authorised collectors, accountability through double-checking of books and double signatures, etc. All books in the area of revenue collection are maintained up to date.

No practice or procedure exists of providing feedback to communities on revenues collected. Neither is this a State-defined requirement for the locality.

**Expenditures.** The administrative costs relating to salaries are catered for under the budget's chapter 1. Other administrative costs are covered under chapter 2 and financed by the own revenues of the locality. However, it was not possible to calculate the administrative costs as share of the own source revenues due to lack of figures and some difficulties in understanding the concept of administrative budget items during the interview. Dilling has spent a minor share of its chapter 2 budget on investments (though not as contribution to chapter 4), but most is allocated to recurrent spending related to investments and administrative costs. The balance between the two latter items is thus not clear.

### 4.3 Financial Management and Audit Capacity

**Budget execution and cash flow.** The cash flow is managed so as to avoid cash deficits arising from the daily transactions. The Executive Director when authorising payments thus checks on a day-to-day basis the cash balance to ensure that there is coverage in the account. Payments are therefore only made promptly if there is sufficient cash in the account. However, according to the Executive Director delays in payments are rare, though this could not be substantiated by evidence. The general approach in case of low cash balances is to ask for a credit with the merchants. There is no system in place for maintaining adequate liquidity or managing and controlling the commitments made.

**Accounting.** The imprest/cash management account is part of the normal accounts of the locality, which are maintained up to date. There is no creditor or debt register in the locality. An asset registry system is said to be maintained by the Storekeeper but no evidence was provided. Inspections for maintaining and managing inventories are said to take place annually. All key documents are locked in a safe.

**Internal control.** An internal audit function is in place its main activity is to audit accounts and transactions on a day-to-day basis. The internal audit does not produce end-of-year reports of the final accounts. Therefore no internal audit reports are available. An audit report, which appears to have been produced by the State General Auditor, did not contain any major remarks requiring follow-up.

The standard procedures are complied with in areas of internal control, safeguarding against mismanagement, segregation of duties, etc. (forms 67, 15, 39, and requirement of 3 signatures, etc.). No additional internal policies or procedures have been established in support of the general procedures.

### 4.4 Procurement Capacity

**Procurement organ.** As noted earlier the procurement committee has been established with appropriate membership, as reflected in the constitution letter shown to the team. The team was also shown an example of minutes from a procurement meeting, which listed the decisions made but did not summarise the discussion. There is thus no evidence or illustration of the exact evaluation process and selection criteria used. The staff said that in the case of larger pro-

curements the minutes of meeting would also depict the discussions, but no such examples were shown to the team. There is no involvement of the Commissioner in the procurement process and thus no opportunity for him to over-rule decisions of the committee.

**Procurement process.** Bills of quantity or technical specifications are prepared as the basis for procurements, typically by the technical sections. As noted, quality and price are said to be the main selection criteria but the exact weighing of these could not be established. Tenders are not advertised as they are usually considered too small; instead selected suppliers/merchants are invited to bid. Based on the examples provided, contract awards are timely and open. There is no direct communication to communities or the citizens about the awards given. There is no procurement plan for the locality.

## 4.5 Transparency and Accountability

**Downward reporting/accountability.** There are few indications of downward accountability in the locality. The public is not informed about indicative planning figures or approved projects, budgets, funds received, opinions of audit reports or status of projects implemented. Some of this information may not always be known to the locality before funds for investments are actually received. There is no practice for giving public access to e.g. budgets and plans, but any citizen would be allowed to see such information if they wished.

**Horizontal accountability.** There are some signs of an active horizontal accountability, mainly in the form of monthly meetings in the ad hoc committee where Heads of Departments meet and discuss activities in their areas. There are no systematic procedures in place beyond the monthly meetings. There is no practice of sharing information with the NGOs working in the locality. The Legislative Council is not in place to enable reporting to this body.

**Upwards accountability.** The upwards accountability consists of the reports submitted to the State level, both in the form of technical reports and accounts. All reports are submitted timely.

## 4.6 Functioning of Political Institutions

**Locality legislative council.** The Legislative Council is not in place to enable its discussion of annual plans, budgets, financial and audit reports, etc. However, when the council was in place, it received budgets as well as monthly reports from the departments, both progress and financial, which means there is experience in the locality of working with the Legislative Council.

**People's Committees.** There were no signs of an active interaction between the locality and the People's Committees. Some awareness exists in the locality about the functions of the People's Committees in the form of service provision, security, tax collection, etc. and also that they must "be participatory" and "make brainstormings" with communities on their needs. No signs exist of guidelines or guidance having been provided to the People's Committees in the

execution of their functions. The staff said that one training in participatory planning had taken place “about” one year ago but there was no evidence to confirm this. The locality has not given feedback to the People's Committees regarding their performance and guidance for further improvement. The staff also mentioned the Village Development Committees, which are set up mainly for service provision in relation to specific NGO projects.

#### **4.7 Human Resource Development/Capacity Building**

**Capacity building planning process.** As noted earlier, no capacity needs assessment has been made by the locality and no capacity building strategy or plan has been developed.

At the same time the staff expressed great consciousness about their capacity gaps and the needs for training, although it was based more on individual needs than derived from any assessment of institutional needs. The Head of Staff immediately highlighted capacity needs in areas such as planning, financial management and storekeeping.

**Quality of the capacity building plan.** Although no capacity building plan exists, the locality has completed the form administered by the State Ministry with training requests of individual staff. No response has been received yet from the State.

**Capacity building implementation.** The locality does not itself have the direct mandate to implement capacity building (this rests with the State), but some staff have attended short-term courses administered by the State. These have related to strategic planning, rural development, media and health. Normally 2-10 people attend training courses each year. The participation in such courses is based on invitations received from the State. The themes have not reflected the specific requests of the locality.

**Monitoring of capacity building.** There is no practice or system for monitoring the training received and no reports are received from the State regarding the trainings provided to the locality staff. At the same time the Head of Staff clearly expressed that he has noticed “how training makes a difference”; this related both to the quality of work and motivation of the staff.

#### **4.8 Project Supervision and Monitoring**

**Contracts management and technical supervision.** Projects are normally decided and managed by the State level. The locality does not participate in any projects requiring contracts management and supervision. There is thus no involvement of the staff in managing payments and inspection of projects.

**Monitoring and reporting.** With no participation in projects, the locality has no monitoring strategy and does not follow up on project implementation. Naturally the technical staff participates in inspections in line with the directives received from the relevant State line-ministries.

## 5 Conclusions

### 5.1 Compliance with Minimum Qualifying Criteria

#### Minimum Qualifying Criteria: Summary of status

Criteria	Compliant	Not compliant	N.A.
<b>Development planning and budgeting capacity</b>			
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)		
<b>Fiscal capacity and financial management</b>			
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		
<b>Procurement</b>			
Tender evaluation committee has been established and tender procedures are as per regulations	X		

<b>Functioning of political institutions</b>			
Legislative Council in place and operational		X	
<b>Staff functionality</b>			
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

Dilling has not complied with any of the Capacity Building Support Access Criteria.

## 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) there is a need to build capacity of all aspects in the planning process, including basic analysis of locality needs and poverty specific analyses pertaining to needs of the vulnerable sections of the community; b) training should be undertaken by locality staff in participatory planning through inclusion of the community in the planning process; c) build capacity for medium term planning.
- Fiscal capacity: a) capacity building is needed in support of improve revenue projections; b) improving strategies for increased revenue collection.
- Financial management and internal audit: capacity building is needed to further improve cash flow planning; credit management; and the asset management system.
- Procurement: training for procurement planning and transparency in the procurement process is recommended.
- Transparency and accountability: a) there is a need to build awareness and capacity in support of making the various operations of the locality more transparent, including the publication of budgets, plans, and audits; b) training and guidelines in undertaking outreach activities to include and inform people's committees in the locality planning process is needed; c) further improvement in horizontal accountability desired.
- Functional political institutions: a) as no Legislative Council is in place the locality should be assisted in servicing and cooperating with the forthcoming Council; b) monitoring of people's committees operations and provi-

sion of training from the locality to the committees in their functional role and operations is needed.

- Human resource development/capacity building: capacity building is needed for developing training plans to meet the current capacity gaps of locality departments.
- 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 Dilling obtained 1 A, 13 B's and 9 C's, which suggests that it shows "some" capacity in most functional areas examined but also that it remains weak in many areas.

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

*A: Most questions relating to the performance measure answered positively*

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

*C: No questions relating to the performance measure answered positively*

## **6 Issues Arising**

The main issue arising is that a number of criteria and indicators were not fully appropriate because they do not reflect the formal procedures for planning, budgeting, staffing, and project management. The formal procedures mostly place the responsibility for decision making and initiative at the State level while the criteria and indicators assume that decision making in these areas is the responsibility of the locality.

# Appendix A: Check list

### Background information about the locality

- Locality Name.....Ed'Deling  
Size of the local government in terms of population:..... 150.000
- Number of staff.....[1587]
- Number of administrative units .....5.....
- Number of people's committees.....119.....
- Geographical location.....South Kordofan
- Special features.....Multi-tribal population, Nuba and Arab
- Contact at locality: Name.....Executive Director  
Phone number:.....  
Email:.....

---

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

Signature:.....

Date:.....

## Minimum Qualifying Criteria

### Development planning and budgeting capacity

Performance/capacity area (MQC)	Performance/capacity area (MQC)
<b>Coordination of the planning function</b>	<b>Functioning of the locality Executive Committee in development planning</b>
<p><i>Obtain and review minutes from the Executive Committee for the previous and current financial year.</i></p> <p>Note the reference numbers and date of the meetings (e.g. minute No.--- of ----) <b>According to reference file. The Committee was formed in 2005. The terms of reference and functions of the Committee is mainly planning.</b></p> <p>Note the frequency of the meetings (dates and reference number). <b>The Committee meets each month on the 26<sup>th</sup>.</b></p> <p><b>(minutes 26/4-2006)</b></p> <p>Did the Executive Committee meet as required (at least once per month)? <b>Yes.</b></p> <p>Check the attendance list and note any anomalies.</p> <p>Were meetings attended by the appropriate staff (the EC may co-opt technical resource persons)? <b>Yes</b> <b>The provision of attendance is for the heads of the locality, incl. heads of section. Only these people were present at the meetings. That is, the meetings are intended by administrators and technical staff.</b></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.? <b>Yes. Based on minutes for May 2006, the Committee discusses planning, budget questions and implementation.</b></p> <p>Note the relevant minutes, date and agenda number.<b>Minutes 12/5-2006, agenda items 1,2 and 3.</b></p>	
<b>Planning capacity</b>	<b>Existence of a timely and council approved annual social and economic plan (Section 10 B of the LG Act, 2003)</b>
<p><i>Obtain and review the annual plan for the current year (2006):</i></p> <p>Was the annual plan signed as per guidelines (Council Chairman, Commissioner)? <b>Yes. The Commissioner by virtue of being head of the Executive Committee for planning has signed the agreed priority projects to be forwarded to the State.</b></p> <p>Did the annual plan include a project profile for each of the prioritized projects following the recommended format?</p>	

<p><b>No. The annual plan did not include project profiles following any recommended format. The practice is that technical staff/Heads of sections forward project proposals in their respective areas to the meeting of the Executive Committee. These are then discussed and a selection of priority projects is agreed/decided. The form of presentation of the priority projects are in the form of minutes of decision from the meeting. As such, the plan of the locality is represented by a list of projects mentioned in a set of minutes. (minutes, 12/4-2006)</b></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><b>No. There is no LC in place.</b></p>	
<b>Budgeting capacity</b>	<b>Existence of a timely and Legislative Council approved annual budget</b>
<p><i>Obtain and review the annual budget for the current year (2006).</i></p> <p>Has the annual budget been signed as per guidelines (Council Chairman, Commissioner)? <b>Yes. The budget has been signed by the Commissioner (but not the Council Chairman as the council is not in place). Minutes 12/5.06. Ref. 20/A/1.</b></p> <p>Has the annual budget been prepared as per guidelines? <b>Yes.</b></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><b>No. However, approval of the budget relates to the period June-Dec. 2006 for which the State Government (following the shift in Government Nov. 2005) requested a new budget prepared for. The approval of the budget is therefore timely.</b></p>	
<b>Financial interpretation of the plan</b>	<b>Clear link between annual plan and annual budget</b>
<p><i>Review and compare the annual plan and budget.</i></p> <p>Based on the review/comparison, does it appear that the priority projects in the annual plan have been reflected in the annual budget (budget linked to activities and outputs)? yes/no</p> <p><b>The priority projects agreed during the aforementioned Committee meeting have been reflected in the 2006 budget (budget form no. 5). However, the locality staff emphasises that the State ultimately decides the projects for funding.</b></p>	
<b>Sustainability in the budgeting process</b>	<b>Capture of operational costs in the budget derived from the capital investments</b>
<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><b>No. It is not possible to ascertain consent from relevant authorities to meet operational costs since this depends on State Legislative Assembly's preparation of the final State budget.</b></p>	

<p><b>It is said that the current and maintenance budgets are prepared by reviewing the previous 3 years spending on these accounts and arrive at an average figure. It is also said that the budgets are usually provided, but it was not possible to get confirmation of this - would be seen by budget outturn</b></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><b>No. Again, the final approved budget has not been approved yet.</b></p>	
	<p><b>Capture of maintenance costs in the budget derived from the capital investments</b></p>
<p><i>Review the annual plan (including project profiles).</i></p> <p>Has the locality an elaborated maintenance strategy for capital investments? <b>No.</b> <b>The locality does not have an elaborated maintenance strategy. A "practiced" strategy is to rent out sheds to obtain funds for maintenance.</b></p> <p><i>Review the budget.</i></p> <p>Has the locality made provisions to meet maintenance costs of major investments? <b>Yes.</b></p> <p><b>An attempt is made to capture maintenance in the preparation of chapter 3 of the budget, E.g. in the 2006 budget maintenance for buildings is set at 5 mio. SD and furniture at 1 mio. SD. It is not immediately possible to establish if these funds are adequate.</b></p>	

### Fiscal capacity and Financial Management

<p><b>Fiscal Capacity</b></p>	<p><b>No decrease in own revenues in nominal figures from the previous year-but-one to the previous year</b></p>
<p><i>Obtain a copy of the final accounts for the previous year-but-one and for the previous year.</i></p> <p>Review accounts and note the total locality own revenue in both years.</p> <p><b>2003: 61,6 mio. SD</b> <b>2004: 75,9 mio. SD</b> <b>2005: 79,8 mio. SD</b> <b>2006, Jan-June: 39, 3 mio. SD</b></p> <p><b>It is noted that in 2005 certain cattle taxes, and in 2006 the cotton tax, were moved to the State level thus removing this revenue source from the locality. The cattle tax in 2005 accounted for 13,4 mio. SD of the total revenue.</b></p> <p>Have locality own revenues increased? <b>Yes.</b></p>	

<p>By what percentage have they increased/decreased?  <b>2004/2003: 23%</b>  <b>2005/2004: 5% increase</b>  <b>The revenues for 2006 so far indicates a stabilisation around the 2005 level in nominal terms, The increases are in nominal terms. If inflation is taken into account (roughly 10%), own revenue in real terms increased in 2004 but decreased in 2005, and may decrease also in 2006.</b></p>	
	<p><b>Co-funding requirements complied with for capital investments</b></p>
<p><i>Obtain and check bank statement for the Project Account.</i></p> <p>Have co-funding obligations been met as per project requirements (for example, if it has been posted for the first quarter of the first year)? <b>N.a.</b>  <b>The locality is not involved in any cofunding arrangements.</b></p> <p>Is there a record of the amounts deposited on the bank accounts (co-funded) and dates?  <b>N.a.</b></p> <p><i>Obtain and review the budget for the current financial year.</i></p> <p>Is there a provision for meeting the co-funding obligations?  <b>N.a.</b></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><b>Communities made their matching contributions for specific community projects</b></p>
<p><i>N.A. This only applies for the second assessment.</i></p>	
<p><b>Financial Management</b></p>	<p><b>Entire final accounts for the previous financial year produced on time and submitted for audit</b></p>
<p><i>Obtain the final accounts for the previous financial year (2005).</i></p> <p>Were they prepared and completed on time?  <b>Yes. 16 March, 2006 sent to State.</b></p> <p>Please note the date on which the accounts were approved and signed.</p> <p>Were they submitted for audit before end of March (review submission letter and note date of submission)? <b>Yes</b></p>	
	<p><b>All books of accounts maintained up-to-date, including bank reconciliation</b></p>
<p><i>Obtain and review the major books of accounts such as the daily accounts book, ledger books, liability</i></p>	

<p><i>registers, deposit books, vote books (item expenditure book/allocation of funds), sample of bank accounts.</i></p> <p>Obtain bank reconciliation statement for each bank account and note the dates the statements were prepared and approved.</p> <p><b>Yes.</b></p> <p>Are the major books of accounts maintained?  <b>Yes</b></p> <p>Are they posted and up to-date (note dates of last postings)?  <b>yes</b></p>	
	<p><b>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)</b></p>
<p>Has a project specific bank account been opened with the required approvals (e.g. resolution of Council specifying bank and branch)?  <b>N.a. No project is operating yet with direct involvement of the locality.</b></p> <p>Who are the signatories of the bank account?                  Do the signatories meet the guidelines? <b>N.a.</b></p>	
<p><b>Financial Reporting – applicable in the second assessment year</b></p>	<p><b>Regularly and timely submission of financial statements to the State</b></p>
<p>N.A. (only for second assessment)</p>	
	<p>Regularly (minimum quarterly) financial statements provided to the Council</p>
<p>N.A. (only for second assessment)</p>	
	<p>Regularly and timely submission of financial statements (accountability reports) to the PIU</p>
<p>N.A. (only for second assessment)</p>	
<p><b>Internal audit</b></p>	<p><b>Internal audit function in place, including quarterly reports submitted to the Council and the State</b></p>
<p><i>Review internal audit reports for the previous and current financial years.</i></p> <p>Were they are prepared as required?  <b>It was said that internal audit reports had been prepared - but a copy was not available and they</b></p>	

**were unable to show letter of despatch or remember the date.**

Were the internal audit reports submitted to Council? yes/no

(Note submission dates and relevant minutes)

Were the internal audit reports submitted to the State? yes/no

(Note the relevant submission dates)

**Audit reports**

**Clean audit report for the last audited year**

*Check the audit report and review the opinion of the auditors.*

Please sum up the main comments.

Were the comments "minor" only? yes/no

Have all the comments already been addressed by the locality? yes/no

Which (if any) comments were not addressed?

<i>If yes to these two questions, the locality has passed the MQC.</i>	
	<b>No major financial irregularities noticed during the year and/or irregularities unsettled from previous years</b>
<i>Review the audit reports and other documentation.</i>	
Has the locality reported major financial irregularities during the finance year? yes/no	
Has the locality not addressed financial irregularities from the previous year audits? yes/no	

### Procurement

<b>Procurement Organ</b>	<b>Tender evaluation committee has been established and tender procedures are as per the regulations</b>
Is procurement being made by an Organ/Committee established as per procurement regulations?	
<b>Yes. A standing procurement committee has been established. Consists of Head of Finance (as Head of the committee), Head of Administrative/Economic Affairs, Storekeeper, and relevant section Head depending on the area in which the procurement is made.</b>	
<i>Review minutes of the committee/organ.</i>	
What are the technical evaluation and procurement criteria and processes?	
<b>Tenders &lt; 30000 are awarded directly.</b>	
<b>Above 30000-10000000: Proposals required, evaluated based on technical and price criteria as regulated by Ministry of Finance regulations. Specifications are prepared by technical staff. The</b>	

<p><b>Committee gives these to selected suppliers who are then asked for quotations. Based on the offers presented, the Committee decides in a meeting, considering price and quality. It was not possible to get clear information on the exact criteria and evaluation approach for evaluating proposals based on these criteria.</b></p> <p><b>Examples referred to include slaughter house constructions and overhaul of vehicles.</b></p>	
<p><b>Adherence to Procurement Guidelines – Second year</b></p>	<p><b>Adherence to the procurement procedures</b></p>
<p>N.A. (second assessment only)</p>	
<p><b>Expenditure performance – Second year</b></p>	<p><b>Actual expenditure on pro-poor sector areas (as per project investment menu)</b></p>
<p>N.A. (second assessment only)</p>	

### Functioning of political institutions

	<p><b>Legislative Council in place and operational, e.g. regular meetings, decisions etc.</b></p>
<p><i>Review the minutes from the council meetings.</i></p> <p>Note the relevant minutes and dates of meetings.</p> <p><b>The Legislative Council is not in place, thus no minutes of meetings exist.</b></p> <p>Does the Council meet as stipulated in the relevant laws and regulations? <b>No.</b></p> <p>Does the Council discuss the relevant issues (i.e. annual plans and budgets, audit and financial reports etc)? <b>N.a.</b></p> <p>Provide examples by noting the relevant agenda items, minutes and dates.</p>	

### Staff functionality

<p><b>Staffing</b></p>	<p><b>Position of Executive Director filled with requisite qualifications</b></p>
<p><i>Review the structure and the staffing position of the locality.</i></p> <p>How many are on duty / actually working in the position?</p> <p><b>The locality has so far not provided information about the number of people actually on duty. However, it is said that all positions are filled.</b></p>	

<p>What are their qualifications?</p> <p>What level and type of experience do they have?</p> <p>Is the position of Executive Director filled?  <b>Yes.</b></p> <p>What are the qualifications of the Executive Director?  <b>Bachelor (Russian language), and has worked in Dilling locality since 1983. No other locality experience and thus only experience as Exec. Dir. from Dilling.</b></p>	
<b>Staffing</b>	<b>Head of Administrative and Finance Affairs Section filled with requisite qualifications</b>
<p>What are their qualifications?</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><b>The position is filled. Bachelor in planning, Prior experience in State Ministry of Planning. More than 18 years of experience of which 4 years in Dilling.</b></p>	

## Capacity Building Support Access Criteria (CBSAC)

### Human resource development capacity

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

*Review the plan.*

Has a capacity building plan/training plan been developed?

**No. The locality has the completed form issued by the Ministry of Finance in which they have indicated trainings and courses desired by the staff. This is not a plan, however.**

Does the plan specify how the capacity building support funds will be spent?

**No.**

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

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

Based on the organisational structure - is there a human resource management function provided for ? **Yes. A Head of Staff is in place under the Head of Administration.**

Is the position of a HRM filled (evidence would be files on the appointment, noting dates, etc.)? **Yes.**

# Performance Measures

## Development planning and budgeting capacity

<p><b>Existence of a participatory planning process</b></p>	
<p>Are participatory consultations undertaken with the community members through involvement of the people's committees?  <b>No. The People's Committees are not used for undertaking participatory consultations with the communities. The PCs can only raise the needs of the communities but they have no role in the consultations.</b></p> <p>Review and note minutes of these committee meetings.  <b>There are no minutes of such meetings.</b></p> <p>Does the planning process capture the needs of special groups?  <b>There is no firm evidence to establish this and no firm answer was provided as to whether the planning process capture the needs of special groups.</b></p> <p>Are NGOs' participatory planning processes and approaches harmonised with those of the Localities (non-state actors involved in the participatory planning process)?  <b>No. The NGOs deal directly with the village committees and do not participate in the planning activities or committees of the locality.</b></p> <p>Are technical departments involved in the desk and field appraisal of development projects?  <b>No. Actual appraisals of projects are not undertaken by the locality. However, the technical departments have the duty to draw up the specification of projects and do the field visits to the project locations.</b></p> <p>Review the minutes of the Executive Committee and note the relevant details e.g agenda item, date, etc. Are the annual plans, including project priorities, discussed by the Locality Executive Committee?  <b>Yes. Minutes of Committee meeting 12/5-06, agenda item 3. ref. 20/A/20. The planned projects are discussed in the committee, but no overall plan is discussed.</b></p> <p>Are the Committees of Council involved in the discussion of draft annual plans?  <b>No. They do not exist. Therefore all discussion of plans and projects take place in the aforementioned executive committee.</b></p> <p>Review their minutes and note the relevant details.</p> <p>Does the Locality Legislative Council discuss and approve the annual plan?  <b>No. The Legislative Council has been absolved since 15/7-05.</b></p> <p>Review the minutes, note the agenda item, date of approval, etc</p> <p>Does the state level (Council of Ministers and State Assembly) review and endorse priority investments</p>	

with recurrent cost implications to the state level?

**No. The list of priority projects has been sent to the State level in May 2006, but any endorsement by the State will only be known once the State budget has been finally approved.**

Obtain evidence of review and endorsement e.g. comments received from the Council of Ministers and State Assembly, letter of approval, letter of submission, etc.

**Such evidence has not been provided to the locality from the State**

**Quality of the annual development plan – must adhere to the provided format**

Does the annual development plan provide background information to the Locality, including, for example, location, number of people's committees, economic activities, etc.?

**No. There is no actual annual plan but instead minutes of decision (12/5-06) of a meeting of the executive meeting, which included a list of agreed priority projects to be sent to the State. These minutes and project lists do not include general background information to the locality (by virtue of the nature of the discussion). However specific challenges and related project options were discussed and noted in the minutes.**

Note date of the plan and the relevant sections which cover these issues.

Does it describe the participatory planning process through which the annual plan was developed?

**No. The minutes do not describe any participatory planning process, however, the decision making process in the form of the discussion at the meeting is reported in the meeting. The decision making process is not participatory in that it mainly consisted of proposals made by Heads of sections and the discussions/agreement reached within the committee, consisting of administrators and endorsed by the Commissioner. Reference is made in the minutes to Notes forwarded by the section heads, consultations at section level, and the discussion of the executive committee.**

Does it analyse the locality-peculiar challenges and opportunities (e.g. in relation to gender, environment and poverty)?

**No. The minutes do not "analyse" such challenges and opportunities. The discussion in the minutes refer to such issues in connection with discussion of projects relating to such areas.**

Does it outline the prioritised investments to address the identified challenge

**Yes. Projects are listed relating to projects targeting women at 5 mio. SD, environmental projects at 0,2 mio. SD., and various "human development" (health, education, etc.) at 3 mio. SD.**

Does it propose the strategies the locality will use to implement the annual plan?

**No. The main preoccupation evidenced is the need to involve State level; NGOs and communities for funding and participation, but no outright strategies are listed for how to do this - or how to implement the "plan" in general.**

Does it provide the strategies through which the locality will monitor and evaluate the annual plan?

**Yes. An elaborate strategy is not presented but monitoring activities in the form of periodic reports, field visits by technical staff, and an "investigation committee" are mentioned in the minutes 12/5-06.**

Does it give the costs of each of the prioritised investments (budget allocation) and sources of funding?

**No. The list of projects are not costed (this in principle takes place in the separate effort of the budgeting process).**

Is it attached with detailed investment profiles for each of the prioritised projects (e.g. the project title, background/objectives, technical description, implementation strategies, funding requirements and sources, strategies for operation and maintenance, environment and gender screening, etc.)?

**No. The priority projects are listed but in the form of headers mostly and there is additional information in the minutes. However, general background, objectives, implementation strategies, funding requirements, etc. are not described.**

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

Is there a strategic, medium term plan in place?

**No. The locality does not have a strategic medium term plan in the sense of a document including medium term analysis, strategic objectives, outputs, timelines, etc. But a costed list of priority projects for the period 2006-9 exists consisting of 11 projects (water holes, hand pumps, health center, schools, etc.) However - it was not clear if this plan was the same as the plan also referred to the State level as the annual plan. The list was developed on the request of the State (all localities were asked to prepare such list)**

Does it provide details of the background to the locality?

**No.**

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

**No.**

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

**No.**

Does it give detailed analysis of locality challenges and opportunities?

**No,**

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

**No.**

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

**No.**

Does it specify activities to be implemented in the first year and gives indications of activities to be implemented in the proceeding years (to be checked when the plan is being rolled)?

**No.**

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

**Yes (although funding sources are not clearly indicated)**

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

**No.**

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

**No**

**Budgeting capacity**

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

**Yes. As the basis for budgeting it reviews its expenditure for the past three years and uses the average of these; at the same time forward looking budgeting based on analysis of recurrent needs of future investments do not seem to be made.**

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

**No - 1-year projects are made only.**

Is budgeting based on available funds and identified sources?

**No. Budgeting is based on identified sources (State level and own revenue) but not on available funds as these are 1) unknown until the final approval of the State budget, and 2) own revenue projections are not realistic.**

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

Are budget deviations legally approved?

**This could not be established firmly (question not understood).**

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

This was not possible to extract clearly due to misunderstandings about the PEAP

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

**Fiscal capacity**

**Revenues**

What been the increase in own source revenues over the past two years?

**See earlier section**

What is the percentage of revenues collected against the planned revenues (targets)?

**2005 target: 169,1 mio. SD => 46,7% target compliance**

**2006 target: 189, 3 mio. SD. Given collections so far, revenues are behind target.**

Are there clear strategies to improve own-revenues and fiscal capacity?

**There are no explicit or in other ways clear strategy for how to improve revenue collections, including meeting the targets. It is said to "depend on people (staff) and cars". It was informed that 77 new cars would be received soon, some of which may be used for tax collection. Increasing house rents is also mentioned as a strategy to improve revenues.**

**Revenue management (administration)**

Does the revenue collection reach the targets set?

**No, and it is unlikely to meet targets in 2006 given current performance.**

Are accountability measures on revenue collection in place, such as registers, authorised collectors, banking, etc.?

**Yes. All required procedures are in place and complied with.**

Is feedback given to communities on the amounts of revenue collected and how it is used?

**No.**

**Expenditures**

What is the level of administrative expenditure compared to own source revenues (%)?

**This was not immediately possible to calculate from the budget, mostly because of language and conceptual understanding.**

What is the share of the costs for the Legislative Council out of the total budget?

**N.a. No LC in place.**

What is the share of the local revenue spent on capital investments?

**Dilling has used part of its own revenue for investment by including it under chapter 2. However, it was not possible to get a confirmed figure. There is no contribution from own revenue to chapter 4.**

**Financial management and audit capacity**

**Budget execution and cash flow**

Are cash inflows and outflows managed so that the LG is able to meet current payments promptly, according to financial commitments?

**No. Cash flows are managed so that cash deficits are avoided in the daily accounts. The executive director checks with accountants on cash-balance (also based on inflows of revenue) before signing pay-**

ments, which means in case cash levels are low payments will be postponed.

Is the Locality maintaining adequate liquidity, and not accumulating arrears or debts?

**Occasionally arrears are seen because of the approach to managing cash balances, however it appears these are not accumulating. The approach is generally to get a credit with the merchants in question.**

Is there a commitment control system in place?

**No. There is no actual commitment control system in place.**

If so, who orders, signs, authorises, etc? **n.a.**

### Accounting

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

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

**No. There is no creditor register.**

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

**Yes. The impress/cash management account is part of the current account.**

Is there a functioning system of assets register and management?

**It is said that the Storekeeper maintains an asset register, but it was not possible to see evidence**

Are inspections undertaken and inventories maintained of fixed assets?

**Inventories are maintained and inspected annually (no evidence obtained)**

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

**Yes. documents are kept in a safe.**

### Internal Control

Is the internal audit function operational?

**Yes - it is said that auditing takes place on a daily basis. However, there have not been any audit reports since 2004 (it is not clear if that report is by the General State Auditor or an internal auditor).**

Is there evidence of follow up on the IA results?

**The 2004 audit report was reviewed - it contained no major remarks requiring followup.**

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

**A circular was seen which directs that audits must take place daily (perhaps what is meant is controls)**

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

**No. There are no specific locality policies of such kind in place.**

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

**Yes. The standard requirements of double signatures, etc. exist but no extraordinary locality specific policies. The main forms include Form 67, Form 15, Form 39, and the requirement for 3 signatures.**

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

**No. No "output" audits - only the inspections by technical staff.**

Do internal accounting and reporting regulations and procedures exist?

**No. Internal accounting and reporting regulations do not exist - only those defined by State level**

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.

**Yes. The standard procedures including 3 signatures, etc. are in place - but no internal policies.**

Do policies and procedures exist that safeguard against conflicts of interest? **Yes. As above.**

## Procurement Capacity

Procurement Organs	
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Is the technical evaluation committee constituted with appropriate membership? **Yes.**

Note the evidences of its existence e.g. minutes, membership, etc. **A letter of constitution was seen. See earlier section for membership.**

**An example of minutes of decision was shown for a specific procurement. This only listed decisions and did not the evaluation and discussion. It is claimed that for larger procurements the minutes also depict the discussions and evaluations made, but such minutes were not available to show.**

Does the technical evaluation committee considers all procurement proposals before procurements are made?

**Yes, but no evidence provided.**

Provide examples of procurement proposals evaluated by the committee.

**Slaughter house constructions, cement.**

Does the procurement authority (Commissioner) adhere to the recommendations of the technical evaluation committee (or explains non-adherence)?

**Yes. Commissioner has no authority on procurements, it is said. These are purely technical.**

**Procurement Process**

Does a Procurement Plan exist (and is it derived from the approved plans and budgets)?

**No.**

Are bills of quantity (for works) and terms of reference (for services) prepared?

**Yes, by technical sections.**

Are all procurements advertised (as per the thresholds)?

**No. The budgets for the procured supplies are too small for advertising, it was explained. The standard approach is to present bills of quantity to suppliers and ask for quotations.**

Note examples of adverts, date, media used, etc.

Are proper evaluation criteria used for the bids and proposals?

**Yes. Quality and price are considered, but it was not possible to establish the exact procedures.**

Is there timely and transparent award of contracts?

**Yes.**

Is there any communication to the locality about the tender awards?

**No**

Note the dates and reference numbers of tender award notifications.

**Transparency and Accountability**

**Downward reporting/accountability**

Is the public informed about:

- Indicative planning figures (before the start of the planning process)? **No**
- Approved projects in the annual plan (with reasons for some of the community needs not to be implemented in a particular year)? **No**
- Approved budgets indicating sources of funding and clearly specifying the required community contributions (both the volume and nature of contributions)? **No**
- Funds received to implement the projects and how they have been allocated? **No**
- Opinion of the audit reports and how the locality is addressing the queries? **No**
- Project implemented (ongoing and completed) with explanations of variations with the plans if any?

<p><b>No</b></p> <ul style="list-style-type: none"> <li>Public <u>access</u> to financial information (plans, budgets, accounts and audit reports)? <b>Yes. According to Exec. Dir., any citizen may see the budget and plan.</b></li> <li>Feed-back and information to the people's committees. <b>No</b></li> </ul>	
<b>Horizontal accountability</b>	
<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?  <b>Yes. This mainly takes place in the monthly meetings in the executive committee, where heads of section meet and discuss.</b></p> <p>Is the regular submission of reports and provision of information to the Legislative Council?  <b>No. The LC is not in place.</b></p> <p>Does the locality provide information to the non-state actors of the locality (other donor programmes, NGOs, private sector) to enhance synergies?  <b>No.</b></p>	
<b>Upward accountability</b>	
<p>Is the submission of the required reports to the State timely?  <b>Yes.</b></p> <p>Is the submission of the required reports to the project implementation committee timely?  <b>N.a. There is no such committee in place yet.</b></p>	

### Functioning of political institutions

<b>Locality Legislative Council</b>	
<p>Are discussions in the Council of a reasonable quality, i.e. do they discuss the annual plan, budget, financial and audit reports etc.?  <b>There is no LC in place at present. When the LC was in place up to 2005, budgets were sent to the LC as well as monthly reports from each department, both progress and financial. The last meeting of the LC was 15/7-06</b></p> <p>Are council sub-committees established in required areas?  <b>N.a.</b></p> <p>Are council sub-committees discussing the relevant issues related to their sectors?</p>	

<b>N.a.</b>	
<b>People's Committees</b>	
<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><b>No. The main functions of the PCs are seen to be service provision, security, and tax collection. It is said that they make "brainstormings" with the communities; that they "must" be participatory; and that they have offices, documents, and registry books. But there is no indication that guidelines have been developed to mentor the PCs.</b></p> <p><b>Also mentioned was the Village Development Committees, which are however set up mainly for specific donor/NGO projects (are they equated in the perception of the locality with PCs?)</b></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><b>Yes. One training for PCs has taken place "about" one year ago in participatory planning, etc. No evidence provided.</b></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><b>No</b></p>	

### **Human Resource Development/ Capacity Building**

<b>Capacity building planning process</b>	
<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><b>No</b></p> <p>Has the locality developed a comprehensive capacity building strategy/plan (formulated as per the recommended format)?</p> <p><b>No.</b></p> <p>Are the priorities in the CB plan within the project specified menu?</p> <p><b>N.a.</b></p>	
<b>Quality of the Capacity Building Plan</b>	
<p>Does the capacity building plan provide the background to the locality in the context of capacity building?</p> <p><b>No</b></p>	

Does it summarize the capacity building needs of staff, councillors, people's committees identified through the capacity needs assessment?

**No.**

**However, the Head of Staff summarises some of the capacity building needs to include: planning, financial management, storekeeping. It is also said that training needs put into the table sent to the Ministry is discussed with the Executive Director, but no overall "strategic analysis" guides the training needs listed. Normally it is also based on compilation of needs defined by the section heads.**

**This locality has included a minor budget of 1 mio. SD in its chapter 2 for training. The training would be provided by University in Dilling, or other Government institutions.**

**So far short courses have been attended by some of the staff in areas of strategic planning, rural development, media and health. Usually between 2-10 people a year attend trainings.**

**Normally the needs identified in the list sent to the Ministry differ from the training ultimately given, i.e. the needs defined are not responded to.**

Does it detail the mix of strategies through which the capacity building needs should be addressed?

**No**

Does it cover both human resource development (enhancement of individual competencies) and institutional strengthening (re-tooling)?

**No**

Does it outline strategies through which CB activities will be monitored?

**No**

#### **Capacity building implementation**

Are capacity building activities implemented by the providers recommended by the project?

**N.a.**

Are capacity building activities implemented as per the capacity building plan? yes/no

**N.a.**

#### **Monitoring of CB**

Has the locality received reports from the training/CB activities?

**No**

Has the locality followed-up on the capacity building efforts, e.g. through monitoring and evaluation?

**No. Not systematically.**

Has the staff and other stakeholders performance improved – are the expected outputs are in place?

**Yes. Not documented systematically, but a difference is noticed.**

### **Project Supervision and Monitoring**

#### **Contracts management and technical supervision**

Are all projects implemented with appropriate contracts (agreements)?

**No. No projects are implemented by the locality.**

Are all payments made with the required certification (no advances, payments made against outputs)? **N.a.**

Does the technical staff ensure that the projects are implemented on schedule and following the specifications? **N.a.**

#### **Monitoring and reporting**

Has the locality developed a clear strategy for monitoring the implementation of projects?

**No**

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

**No.**

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

**No**

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

**N.a.**

Is there evidence that the Executive Committee discusses the monitoring and technical inspection reports and makes management decisions? yes/no

What is the percentage of projects implemented against the plan?

## **Appendix B: People met**

Executive Director

Head of Admin. Affairs

Head of Staff

Head of Accounts

Financial Controller

Tax collection officer

Head of Education

Head of Health Services

And others who did not identify themselves.

## **Appendix C: Documents made available and consulted**

Minutes, Committee Meeting 12/5-2006

Annual Plan 2006 (project list attached to minutes, 12/5-06)

Annual Budget, 2006, (attached to minutes, 12/5-06)

Final Accounts, 2004, 2005,

Tax collection books, F15, 67

Minutes, Procurement Committee

Establishment letter for procurement committee

Treasury Chest Book

Forms 39

Minutes, LC Meeting 15/7-05

State administered training plan