

**The World Bank**

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

**Hamashkoreeib**

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 Hamashkoreeib, 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 Hamashkoreib**

Hamashkoreib is located five hours drive from the capital of Kassala State. It has a population of approximately 302,000 inhabitants distributed over 83 People's Committees.

Hamashkoreib locality has 334 employees of which 33 are working in the locality administration. As in most localities, almost all staff is seconded from Kassala State.

Hamsahkoreib has been selected to benefit from CDF funding and has a LIU manager and office established with secondments from the locality. The Steering Committee has held its first meeting, but no funds have been channelled for project activities at the time of the assessment.

## 1.2 Assessment context

Issues influencing the assessment:

- 1) The Hamashkoreeib area has been torn by conflict over many years and the main access roads are heavily mined. The conflict has several consequences for the locality, but for the purpose of this assessment the most peculiar effect is that the locality administration is situated in Kassala town, away from the geographical area of the locality itself. The distance between the locality administration and area means that there is only infrequent interaction of the administration with the services and communities of the locality. To partly compensate for the separation between the administration and its services and communities, the locality has established a separate unit manned by one administrative officer in the locality area.
- 2) Another consequence is that the administration does not do any collection of revenues because of the conflict and inaccessibility of large parts of the locality. Kassala State recognises the inability of the administration to collect revenues and accepts to fund the financial gap emerging from the lack of local revenues.
- 3) Also noted is that the recent peace agreement between the Government of Sudan and the Eastern Front is expected to mitigate the conflict in Hamashkoreeib and ease access to the locality area. A consequence of the agreement is that Kassala state will expand the number of localities from five to eleven by 1 January 2007, which will split Hamashkoreeib locality in two separate localities.
- 4) State regulations do not require the locality have an Executive Committee, consequently, Hamashkoreeib does not have an Executive Committee, and does therefore not comply with any of the assessment questions related to the Committee.
- 5) Since 2003 there have not been legislative councils in Kassala State. These are expected to be reinstated with the upcoming State Local Government Act. As a consequence Hamashkoreeib does not comply with any of the assessment questions related to the Council.
- 6) The LIU manager provided helpful assistance to the team throughout the assessment.

## 2 Minimum qualifying criteria

As explained above, there is neither an Executive Committee nor a Legislative Council in place at for the locality, these bodies were dissolved in 2003 and will only be reconstituted through elections after the new State constitution is approved.

### 2.1 Development planning and budgeting capacity

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

As noted above, the Locality Executive Committee is not in place yet.

**Existence of a timely and council approved annual social and economic plan.** The locality has developed an annual plan, with detailed description of the individual projects planned. The plan has been discussed by the Informal Advisory Committee and is signed by the Commissioner, and eventually sent to the State for approval.

The Plan is in effect an annex to the 2005-2008 locality strategic plans and is an extensive long-list of projects with detailed descriptions of individual project budget, output, number of beneficiaries and geographical location.

To prepare the annual plan for Hamashkoreib the Executive Director requested the technical departments to forward a list of relevant projects aimed for implementation in the coming year. A long list of projects was compiled and approved by the Executive Director and forwarded for the State for endorsement. It is expected that the State level then decides which projects from the plan will be implemented in accordance with State priorities. Subsequently the State will inform the locality of its decision. The plan which Hamashkoreib refers to therefore may not reflect the locality's complete set of priorities. Moreover since funding sources are not fully defined the plan is also seen as a menu of project options for donors and NGOs to fund.

**Existence of a timely and Legislative Council approved annual budget.** A locality budget has been produced and signed in accordance with the regulations and approved by the State for implementation.

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

under Chapter and 1 and 3 and is responsible for implementing Chapter 3 activities.

There is no Legislative Council at Hamashkoreeib to approve the budget. The budget has not been presented to the Informal Advisory Committee.

**Clear link between annual plan and annual budget.** A few projects from the plan are reflected in the budget, which means some link exists between plan and budget. However, as noted above, the budget does not reflect all projects in the plan, which in essence is a long-list of project options aimed at resource mobilization with donors and NGOs. The staff was well aware that the plan in its present shape is not matched by the available resources over the next years.

**Capture of operational costs in the budget derived from capital investments.** The Chapter 2 budget funds non-salary operational costs. 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.** The locality only funds minor maintenance activities. The annual budget was approved by the State 30 January 2006, which is then also an approval of State fund for major maintenance costs.

## 2.2 Fiscal capacity and financial management

The assessment team was only given access to the 2005 accounts, which the assessment is based on. Accounts from previous years were placed at Hamashkoreeib sub-administrative unit.

**No decrease in own revenues in nominal figures from the previous year-but-one to the previous year.** Given the conflict situation (see Introduction), no revenue has been generated the last couple of years. There is a revenue system in place headed by an administrative officer ready for initiating revenue collection as soon as the situation is conducive.

**Co-funding requirements complied with for capital investments.** Co-funding has not been required in relation to CDF implementation at present stage; however the locality has a good track record of co-funding project activities together with IFAD. The locality covers 15% of the IFAD project costs in Hamashkoreeib (part of this is in-kind. Information is based on interviews with IFAD project staff). No separate project account has been opened by the locality in connection with the IFAD project. No locality in Kassala State is authorised to open more than one bank account.

**Entire final accounts for the previous financial year produced on time and submitted for audit.** The entire financial accounts for 2005 were signed by the Financial Controller and Executive Director and forwarded to the State on time. The Auditor-General approved the accounts 15 February.

**All books of accounts maintained up-to-date, including bank reconciliation.** All accounts available as well as bank books, ledgers and internal audit reports were maintained and properly updated.

**Project specific bank account opened.** Not applicable as CDF projects have not reached implementation state.

**Internal audit.** The internal audit reports were prepared in accordance with the guidelines and submitted on time. The State Auditor-General has audited the accounts with only minor comments.

The reports were however not submitted to the Informal Advisory Committee. There is no requirement for this, but the fact that they were not shared illustrates the limited involvement of the Informal Advisory Committee in the locality operations and decision-making.

**Clean audit report for the last audited year.** The Auditor-General had only minor comments to the 2005 audit. These include:

- 1) Locality must make revenue collection more effective;
- 2) Renting two houses for locality administration is costly;
- 3) Procurement committee does not always act in accordance with regulations.

Issue no. 3 has been addressed by the locality. The issues pertaining to revenue collection and renting of two office buildings is expected to be addressed with the implementation of the peace agreement with the Eastern Front (see Introduction).

**No major financial irregularities noticed during the year.** No major financial irregularities have been reported.

## 2.3 Procurement

**Tender evaluation committee has been established and tender procedures are as per the regulations.** A procurement committee has been established in accordance with the regulations. The Committee has been responsible for procuring one service only since its establishment in January. This procurement has largely been in accordance with regulations (see Performance Measures section below).

## 2.4 Functioning of political institutions

**Legislative council in place and operational.** In accordance with the status of the State constitution in Kassala State, the Legislative Council is not in place at present time. However, the Informal Advisory Committee, which has been endorsed by the State, meets regularly to discuss locality development issues such as educational plans and other issues. As the Committee is informal there are no regular minutes from the meetings. In the one case where minutes were available the Committee discussed the planned division of the locality into two

separate localities. The Informal Advisory Committee holds no formal authority, but serves to advise the Commissioner.

## 2.5 Staff functionality

All staff working at the locality is seconded by the State, which holds executive powers to appoint and transfer locality level staff.

The locality has a flat hierarchical structure without separate departments. Instead a vast number of divisions have been established. The total number is not clear and no organisational chart was available. A new Local Government Act stipulating local government administrative structures has not been approved yet. The locality's flat hierarchical structure is however not in line the Federal 2003 Local Government Act.

There are two administrative officers at the locality in addition to the Executive Director. One officer is located in Hamashkoreeib to facilitate information flow between the administration and locality area, the other officer is in charge of revenue collection, but in practice undertakes ad hoc assignments for the Executive Director. All major functions in the locality are staffed.

**Position of Executive Director filled with requisite qualifications.** The Executive Director has a BA. and a diploma in administration and experience with locality administration for 15 years, which represents requisite qualifications for the position.

The Head of Education and the Head of Personnel both have extensive work experience in their field of work, but only limited academic experience, i.e. teachers' diploma and higher secondary school respectively.

**Head of Administrative and Finance Affairs Section filled with requisite qualifications.** There is no Head of administrative and finance section. The finance division is headed by a Financial Controller. The Financial Controller has relevant accounting experience (9 years) and decent qualifications (higher secondary supported by diploma in accounting).

Documentation on staff qualification was not available to the team, as these are kept by the State as employer. The team assessed the qualifications through interviews with selected staff.

### **3 Capacity Building Support Access criteria**

#### **3.1 Capacity building plan**

**Capacity building/training plan in place.** The locality does not have a training or capacity building plan. It is normally the mandate of the State to organise training of locality staff. The State offers courses and the locality is asked to nominate potential staff for the trainings. There are no locality preset criteria for nomination of staff for training.

#### **3.2 Human resource management function**

**Human resource management function in place.** The locality has a human resource unit which is fully staffed with a Head of personnel and an assistant as of 24 August this year. The unit is mainly responsible for operational issues of staff management and not for human resource development.

## 4 Performance assessment

### 4.1 Development planning and budgeting capacity

**Existence of a participator planning process.** There is no participatory planning process in place at Hamashkoreeib. The plan is primarily based on inputs from the technical division to the Executive Director. The present lack of a legislative council limits the interaction between the locality and the people's committees. There is no outreach to the committees, but acknowledgement that people's committees will approach the locality if any need in their area arises (see examples under political institutions further below). Requests from people's committees are addressed to the technical divisions, where a decision will be made of whether to include the given proposal in the division's project suggestions for the annual plan. The process is however closely aligned with IFAD's planning process in the area.

There does not seem to be a systematic process for capturing the needs of vulnerable groups in the planning process.

**Quality of the annual development plan.** Even though the plan is approved by the State, it does not meet all the requirements outlined in the assessment toolkit. Basic information about the locality is included in the introductory part of the plan, but there is no mentioning of the process of developing the plan, including inclusion and participation of citizens of the locality in the process.

The plan does take into consideration some of the locality challenges such as lack of housing. All projects have been described in detail with objectives, target group, number of beneficiaries and cost-estimate. There is a written reflection in the plan of the inadequacy of funding relative to the number and costs of projects identified.

No monitoring and evaluation framework has been elaborated to keep track of the implementation of the plan.

**Comprehensive/strategic medium term plan in place.** The locality has elaborated a strategic plan from 2005-2008, which does include some relevant but limited background information about the locality and a paragraph stating that it was developed based on inputs from the technical divisions of the locality.

The plan does not include concrete analyses of locality specific needs and cross-cutting issues. However, the identification of targeted projects such as schools for girls reflects some awareness of the needs of vulnerable groups.

The projects in the plan are distributed over the individual years in the plan. All projects are costed and objectives are clearly outlined.

**Budgeting capacity.** The locality has a reasonable level of budgeting capacity. The Chapter 2 budget is the only budget the locality is accountable for with respect to performance. According to the financial controller, the budget is based on the previous year's budget taking into account inflation and forecasted new expenditures. Funding is fully dependent on State resources, as there is no locally generated revenue. Therefore no revenue projects are made by the locality.

With a 65% expenditure level relative to the annual budget as of 31 August this year the locality seem to be utilizing funds in accordance with the plan. 29% of the total Chapter 1-3 budget is for salary (Chapter 1) items, showing a balanced level of administrative expenditures.

## 4.2 Fiscal capacity

**Revenues.** Given the conflict situation in the Hamashkoreeib area, the locality has not been in a position to mobilise local revenue. The State has agreed to fund the Chapter 2 budget of the locality in addition to Chapter 1 and 3.

**Revenue management.** N/A

**Expenditures.** N/A

## 4.3 Financial management and audit capacity

**Budget execution and cash flow.** The locality does not have a cash-flow plan, but there is recognition of the need to plan for better cash-flow management. The inflow of cash is limited to monthly instalments from the State. The liquidity of the municipality is not always sufficient according to the Financial Controller; however, a total of SD 9 million was available on the bank account at the time of the visit to the locality. The locality therefore may at times delay payments.

No clear commitment system is in place, ensuring adequate funding for future commitments, however, the authority to commit rests with the Executive Director only, who receives information from the financial controller on the current availability of funds, prior to making commitments.

**Accounting.** The team found that all major books of accounts are properly maintained and up to date.

These include:

- - Revenue collection system
- - Check payments system
- - Ledgers
- - Bank book and statements.

No petty cash register is available however, as the locality has decided not to use petty cash but a check system instead. This is partly due to the practical reason that no safe may be installed in their rented house, leaving no options for securing cash at the locality premises. Accounting books are locked in the closet for the night.

There is an asset management register with comments on the status of the assets. It is not clear when the register was last updated.

**Internal control.** The locality has an Internal Auditor (IA) function in place, which produces frequent reports which were available for assessment by the team. Payments made by the locality follow a preset internal procedure prior to execution. The procedure is initiated by the approval of the Executive Director, followed by certification of availability of funds by the Accountant. The payment is then checked by the IA function and the check is finally signed by the Executive Director for payment.

The extensive use of the IA function; the commitment control of the Executive Director; and the approval from the State of accounts, internal audits, budgets and plans will assist in ensuring that there is no mismanagement of funds. However, no other specific procedures or policies have been developed to ensure that there is no conflict of interest or mismanagement of funds. The team also notes that the IA is involved in both payment process and procurement process, which the person then eventually audits later in the year. This is fully in accordance with state regulations, but may compromise the independence of the IA.

#### 4.4 Procurement capacity

**Procurement organs.** A procurement committee has been established with membership in accordance with State regulations. Membership includes: Executive Director, Store Keeper, Financial Controller and relevant member from tendering division. The Committee has been in effect once in 2006 for the procurement of services for a teachers' house construction. Only one proposal was submitted and eventually selected.

**Procurement process.** The process undertaken seems to have followed the guidelines with appropriate advertisements, selection in accordance with preset criteria of minimum conditions for qualifications (e.g. nationality, solvency and experience) as well as price and quality.

The Commissioner has adhered to the recommendations to the Committee and the contractor was informed in writing. A contract has been signed and first instalment paid.

Two issues of concern need to be addressed. First, only one contractor submitted a proposal. According to the members of the procurement committee interviewed, this is a natural consequence of the wariness of contractors of providing services to Hamashkoreib due to the conflict situation. The contractor awarded the contract is already based in the targeted community. Second, there are inconsistencies in the dates of some of the Committee's documentation. The tender was advertised 6 August 2006, but the proposal from the awarded contractor was submitted 3 August 2006. No proper explanation for this inconsistency was available.

#### 4.5 Transparency and accountability

**Downward reporting/accountability.** The downward accountability is very limited. The low level of information flow from the locality administration to the community is in part explained by the distance between the administration and the physical area of the locality as well as the lack of a formal legislative council. Even so no efforts have been made to make available to the public any of the core documents of the locality such as budget, plan and audit. The exception to this case is the IFAD project, where all major documentation is provided to people's committees in the locality with the consent of the Executive Director.

**Horizontal accountability.** The internal horizontal accountability in the locality is limited and all communication between divisions must pass through the Executive Director. There are no regular cross-division meetings. There is evidence of submission of reports to the Informal Advisory Committee on various plans of the different technical divisions in the locality.

In contrast to the limited internal accountability in the locality there seems to be a good cooperation and exchange of information with NGOs and international organisations working in the locality. IFAD praised the cooperation with the locality and locality staff also mentioned close links with organisations such as GOAL, PLAN and SAFE.

**Upward accountability.** Upward accountability is extensive and all relevant reports have been submitted to the State in accordance with regulations.

#### 4.6 Functioning of political institutions

**Locality Legislative Council.** In accordance with State regulations Hamashkoreib does not have a legislative council. Instead an Informal Advisory Committee has been established with State approval. The Committee holds no formal authority, but is used as an advisory board for the Commissioner and the Executive Director. Except for one instance the meetings are not minuted, but some relevant issues pertaining to planning does seem to have been debated at

the meetings. At the latest meeting the upcoming division of the locality into two new separate localities was debated.

**People's Committees.** While no minutes were available, interview with one people's committee Member indicates that some training has been provided to the people's committee on the part of the locality. The nature and length of this was uncertain and there is no hard evidence to substantiate this. Links between the locality and the people's committee do exist and the Member mentioned two cases of where the locality had provided staffing to communities based on people's committee's recommendations.

#### **4.7 Human resource development/capacity building**

**Capacity building planning process.** There is no capacity building plan or human resource development mechanism in place at the locality.

#### **4.8 Project supervision and monitoring**

**Contract management and technical supervision.** No CDF project activities have been undertaken at the locality till date. However, IFAD have been implemented projects in cooperation with the locality for a number of years.

**Monitoring and reporting.** This cooperation with IFAD includes the involvement of the locality's technical divisions in planning and monitoring of project activities as well as 15% co-funding of project activities.

## 5 Conclusions

### 5.1 Compliance with Minimum qualifying criteria

The locality of Hamashkoreeib is fully compliant with state regulations in carrying out its duties and operational setup. In accordance with State regulation neither executive committee nor legislative council is in place. The omission of these two key institutions does in principle exclude the locality from MQC compliance. As compliance with State regulation may not exclude a locality for MQC qualification, it is suggested to focus on the criteria which the locality may act on within the framework of the State regulations.

Related to this issue is the lack of revenue generation of the locality. This is a result of the conflict in the locality area and as such an endogenous factor inflicting on the MQC qualification. In all other key areas such as budgeting, planning and auditing the locality is in compliance with the MQC.

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

Not compliant, as no training plan developed.

## 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) 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) participatory planning, including the mobilisation of people's committees; c) prioritisation of projects as per the needs of the locality to ensure the most urgent activities are implemented first; d) linking the annual planning and budgeting process.
- Fiscal capacity and financial management: Assistance in revenue collection to prepare for the reestablishment of revenue collection activities in the locality.
- Transparency and accountability: a) awareness raising and capacity building in support of making the various operations of the locality more transparent, including the publication of budgets, plans, and audits; b) undertaking outreach activities to include and inform people's committees in the locality planning process; c) improve horizontal linkages in the department and intra-locality information sharing.

- Procurement: procurement planning and monitoring of implementation. Transparency in the procurement process should also be ensured.
- Functional political institutions: a) as no Legislative Council has been in place for a number of years the locality should be assisted in servicing and cooperating with the forthcoming Council; b) monitoring of people's committees and training in their functional role and operations is needed.
- 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.
- 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 Hamashkoreeib obtained 3 A's, 8 B's and 10 C's, which suggests that it shows "good" or "some" capacity in many functional areas examined but also that it remains weak in an almost equal number of 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>A</b>
Budgeting capacity	<b>B</b>
<b>Fiscal capacity</b>	
Revenues	-
Revenue management (administration)	-
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>A</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>C</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**

Future assessments should take into consideration:

- 1) The planned division of the locality into two separate localities.
- 2) The extent to which the conflict in Hamashkoreeib has been mitigated and allowed the locality to fully undertake key functions such as revenue generation. The assessment should also assess whether the new peace in the area has increased the locality's outreach to the community.
- 3) The introduction of legislative councils at locality level and the integration of this into the locality administration and operation.

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

# Appendix A: Check list

## Background information about the locality

- ❑ Name: Hamashkoreeib
- ❑ Size of the local government in terms of population: 302,000
- ❑ Number of staff: 33 locality admin. 301 on the payroll including teachers etc.
- ❑ Number of administrative units: Not clear
- ❑ Number of people's committees: 83
- ❑ Geographical location: Geographical area is 5 hours drive from Kassala, Locality office is situated in Kassala due to security situation.
- ❑ Special features: 1) Hamashkoreeib is affected by ongoing conflict, which has several implications for the Locality, these include: Locality building located in Kassala away from Locality geographical area; No revenue collection possible; all funds come from the State. 2) Locality to be divided into two as per 1 January 2006, following the recent peace agreement between the Eastern Front and the Government.

There have not been locality councils in Kassala state since 2003. In the case of Hamashkoreeib an informal council without authority has been created and approved by the State level as advisory to the locality.

- ❑ Contact at locality: Mohamed Osman, LIU Manager, Tel. 0912888563

## 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>Obtain and review minutes from the Executive Committee for the previous and current financial year.</p> <p><i>There is no Executive Committee.</i></p> <p>Did it meet as required (at least once per month)?</p> <p><i>N.a.</i></p> <p>Were meetings attended by the appropriate staff (the EC may co-opt technical resource persons)?</p> <p><i>N.a.</i></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> <p><i>N.a.</i></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>Obtain and review the annual plan for the current year (2006):</p> <p><i>Annual plan exists and reviewed by team.</i></p> <p>Was the annual plan signed as per guidelines (Council Chairman, Commissioner)?</p> <p><i>Yes, signed by Commissioner. No Council Chairman in Kassala State localities for the last three years. The plan has been forwarded to the state for information and reflection in state plan.</i></p> <p>Did the annual plan include a project profile for each of the prioritized projects following the recommended format?</p> <p><i>Yes, all projects based on recommendations by technical staff and described accordance with required format.</i></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)

*The plan was discussed with the Informal Council and then approved by the Commissioner and later forwarded to the state for approval and inclusion in State Annual Plan.*

**Budgeting capacity**

**Existence of a timely and Legislative Council approved annual budget**

Obtain and review the annual budget for the current year (2005).

*Budget seen and reviewed by team.*

Has the annual budget been signed as per guidelines (Council Chairman, Commissioner)?

*Not signed by Commissioner. Signed by Exec. Dir. who is also the Deputy Commissioner and the Financial Controller.*

Has the annual budget been prepared as per guidelines?

*Yes, the State has now formally endorsed the budget. Cover letter seen by team. No date.*

Review the minutes of the Council. On this basis, does it appear that the Council discussed and approved the annual budget before the end of December? (Note the dates and relevant minutes.)

*Not discussed by informal Council.*

**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)?

*The number of projects in the annual plan by far exceeds the annual budget. The financial controller presented the plan as a wish list aimed at resource mobilisation from international donors. The plan has no prioritisation of the projects included.*

**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?

*Budget submitted to State MoF for approval. Then approved and turned into State Law. Locality informed by letter dated 30/1/2006, with the wording: "You can now proceed with your expenditures". This eventually illustrates the State's willingness to cover funding for Chapter 1 and 3.*

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)?

<b><i>Yes. By approving the budget, and knowing that the locality is not in a position to raise any revenue, the State has agreed to fund any line in the planned budget.</i></b>	
	<b>Capture of maintenance costs in the budget derived from the capital investments</b>
Review the annual plan (including project profiles). Has the locality an elaborated maintenance strategy for capital investments?  <i>N.a. as all major capital investments are undertaken by the State.</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

<b>Fiscal Capacity</b>	<b>No decrease in own revenues in nominal figures from the previous year-but-one to the previous year</b>
Obtain a copy of the final accounts for the previous year-but-one and for the previous year.  <i>Only available for 2005. 2004 is in storage in Hamsahkoreib and thus not available for the team.</i>	
Review accounts and note the total locality own revenue in both years.  <i>The Locality is not in a position to undertake revenue collection due the conflict situation and the mined roads in the area.</i>	
Have locality own revenues increased? By what percentage have they increased/decreased?  <i>N.a.</i>	
	<b>Co-funding requirements complied with for capital investments</b>
Obtain and check bank statement for the Project Account.  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)?  <i>Only programme which requires co-funding is an IFAD programme. Interview with IFAD coordinators at the locality show that the locality is contributing with 15% of the costs through salaries, petrol and office space as per the agreement.</i>	
Is there a record the amounts deposited on the bank accounts (co-funded) and dates?  <i>N.a.</i>	
Obtain and review the budget for the current financial.  Is there a provision for meeting the co-funding obligations?	

<i>See above.</i>	
<i>(In the second year, it will be important to ascertain whether co-funding obligations for the previous year were actually complied with.)</i>	
	<b>Communities made their matching contributions for specific community projects</b>
<i>N.A. This only applies for the second assessment.</i>	
<b>Financial Management</b>	<b>Entire final accounts for the previous financial year produced on time and submitted for audit</b>
Obtain the final accounts for the previous financial year.	
Were they prepared and completed on time?	
<i>Yes. Signed by Financial Controller and Exec. Director 7 January 2006.</i>	
Were they submitted for audit before end of March (review submission letter and note date of submission)?	
<i>Submitted before March and approved by Auditor-General 15 February 2006.</i>	
	<b>All books of accounts maintained up-to-date, including bank reconciliation</b>
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 reconciliation 4 September 2006. Checked by Internal Auditor. No deficit on any of the records for 2006 - all checked by team. (NOTE: Locality is not permitted to open more than one bank account.)</i>	
Are they posted and up to-date (note dates of last postings)?	
<i>Yes all updated as per 31 July 2006.</i>	
	<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>
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?	

<b>Financial Reporting – applicable in the second assessment year</b>	<b>Regularly and timely submission of financial statements to the State</b>
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)	
<b>Internal audit</b>	<b>Internal audit function in place, including quarterly reports submitted to the Council and the State</b>
<p>Review internal audit reports for the previous and current financial years.</p> <p>Were they are prepared as required?</p> <p><i>Yes and approved by Auditor General - see above.</i></p> <p>Were the internal audit reports submitted to Council?</p> <p><i>N.a.</i></p> <p>Were the internal audit reports submitted to the State?</p> <p><i>Yes. See above.</i></p>	
<b>Audit reports</b>	<b>Clean audit report for the last audited year</b>
<p>Check the audit report and review the opinion of the auditors.</p> <p><i>Opinions:</i></p> <p><i>1) Locality must make revenue collection more effective.</i></p> <p><i>2) Renting two houses for the locality is financially expensive.</i></p> <p><i>3) Procurement Committee does not always act in accordance with regulations.</i></p> <p>Were the comments "minor" only?</p> <p><i>Yes: 2 comments and 1 violation.</i></p> <p>Have the comments already been addressed by the locality?</p> <p><i>Ad. 1) No, this is not feasible in the current conflict situation.</i></p>	

<i>Ad 2) Will be addressed with the split of the Locality into two in 2007, as the new localities will take over one building each.</i>	
<i>Ad 3) Yes, addressed. See procurement section.</i>	
<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>
Review the audit reports and other documentation.	
Has the locality reported major financial irregularities during the finance year?	
<i>No.</i>	
Has the locality not addressed financial irregularities from the previous year audits?	
<i>N.a.</i>	

## 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?	
<i>Yes, appointment letter signed by the Exec. Director dated 2 January 2006. Members include: Exec. Dir., Financial Controller, Store Keeper and any relevant external member selected ad hoc as per the Exec. Director's discretion.</i>	
Review minutes of the committee/organ. Establish the technical evaluation and procurement criteria and processes.	
<i>Except for a building for teachers no investments have been made in 2006. So only one case assessed, which was largely in accordance with guideline. See also procurement section under performance measures.</i>	
<b>Adherence to Procurement Guidelines – Second year</b>	<b>Adherence to the procurement procedures</b>
N.A. (second assessment only)	
<b>Expenditure performance – Second year</b>	<b>Actual expenditure on pro-poor sector areas (as per project investment menu)</b>
N.A. (second assessment only)	

**Functioning of political institutions**

	<b>Legislative Council in place and operational, e.g. regular meetings, decisions etc.</b>
<p>Review the minutes from the council meetings.</p> <p><i>No Legislative Council in place for the last three years. Instead an informal Council Advisory Committee has been established. The committee comprise of local notables. Letter of establishment submitted and approved by State. The Committee holds no authority.</i></p> <p>Does the Council meet as stipulated in the relevant laws and regulations?</p> <p><i>Meets once a month. Calls on technical officers from relevant departments in the locality if need be.</i></p> <p>Does the Council discuss the relevant issues (i.e. annual plans and budgets, audit and financial reports etc)?</p> <p><i>The Committee recommends and the Commissioner decides. Except for one meeting, no minutes exists as the Committee is informal. At the minuted meeting the Committee discussed the planned division of the locality into two.</i></p> <p><i>There is verbal evidence suggesting that the Committee has discussed educational plans for the locality (interview with head of educational section).</i></p>	

**Staff functionality**

<b>Staffing</b>	<b>Position of Executive Director filled with requisite qualifications</b>
<p>Review the structure and the staffing position of the locality.</p> <p><i>Evidence purely verbal.</i></p> <p><i>Two examples:</i></p> <p><i>1) Head of education</i></p> <p><i>2) Head of personnel</i></p> <p>What are their qualifications?</p> <p><i>1) 31 years of experience. 8 as head of education in locality. Prior to this the persons has worked as school teacher and headmaster.</i></p> <p><i>2) 22 years of experience with personnel related issues. Higher secondary school as highest degree.</i></p> <p>What level and type of experience do they have?</p> <p><i>See above.</i></p> <p>How many are on duty / actually working in the position?</p> <p><i>The locality does not have the traditional setup with a four department structure. No departments exist;</i></p>	

*instead there are a number of sub-departments. All sub-departments are fully manned. There are three administrative officers at the locality: the first is the Exec. Director; the second is situated in Hamashkoreeb physically to enable access to the people living in the locality; the third is the revenue officer, but as there is no revenue to collect he undertakes ad hoc assignments assigned by the Executive Director.*

Experience of the executive Director?

*Ba in Geography. Diploma at the Sudan Academy for Administration. Diploma in Statistics at University of Sudan. 15 years of experience in general administration at locality level.*

**Staffing**

**Head of Administrative and Finance Affairs Section filled with requisite qualifications**

What are their qualifications?

*Finance Controller: Higher Secondary Education. Diploma in accounting. About to graduate from University of Kassala in Finance.*

What level and type of experience do they have?

*Finance controller: Worked as cashier for agricultural cooperation from 1983-1994 before joining the Locality.*

How many are on duty / actually working in the position

*All members of staff are on duty.*

## Capacity Building Support Access Criteria (CBSAC)

### Human resource development capacity

<p><b>Capacity building/training plan in place (schedule), specifying how the capacity building support funds will be spent</b></p>
<p>Review the plan.</p> <p><i>The State decides which topics should be up for training and number of staff to be trained per locality. The locality nominates relevant staff. These are selected by the relevant head of department. No criteria for selection have been identified.</i></p> <p>Does the plan specify how the capacity building support funds will be spent?</p> <p><i>Investigation showed that some training do take place on ad hoc basis. The team watched IT training.</i></p>
<p><b>Human resource management function in place (designated unit/person)</b></p>
<p>Review the functional division of HRD tasks at the locality.</p> <p>Based on the organisational structure - is there a human resource management function provided for?</p> <p><i>Yes</i></p> <p>Is the position of a HRM filled?</p> <p><i>Position was filled two weeks ago. Appointment letter of 24 August 2006.</i></p>

## 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>No.</i></p> <p>Review and note minutes of these meetings.</p> <p><i>No minutes from Peoples Committees available at Locality.</i></p> <p>Does the planning process capture the needs of special groups?</p> <p><i>Occasionally, but there does not seem to be a thorough analysis in place to reflect the socio-economic specifics of the locality. Evidence of some awareness is however shown by the information obtained, that there are a Women's sub-committee at PC level.</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>In the case of IFAD there is integrated joint planning of activities. This was confirmed by IFAD employees</i></p> <p>Are technical departments involved in the desk and field appraisal of development projects?</p> <p><i>Yes, the head of education at the locality has approved the new school building, and decided its locality.</i></p> <p>Are the annual plans, including project priorities, discussed by the Locality Executive Committee?</p> <p><i>N.a.</i></p> <p>Are the Committees of Council involved in the discussion of draft annual plans?</p> <p><i>N.a.</i></p> <p>Does the Locality Legislative Council discuss and approve the annual plan?</p> <p><i>N.a.</i></p> <p>Does the state level (Council of Ministers and State Assembly) review and endorse priority investments with recurrent cost implications to the state level?</p> <p><i>Plan approved by the State, so the answer must be yes. No formal letter of approval was however shown</i></p>	

<i>to the team.</i>	
<b>Quality of the annual development plan – must adhere to the provided format</b>	
<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>Yes, but included as annex to three-year plan.</i></p> <p>Does it describe the participatory planning process through which the annual plan was developed?</p> <p><i>No</i></p> <p>Review the plan.</p> <p><i>No participatory planning.</i></p> <p>Does it analyse the locality-peculiar challenges and opportunities (e.g. in relation to gender, environment and poverty)?</p> <p><i>Yes, to a certain extent. Lack of housing for health, and food security are some issues identified in the plan. The plan also recognises that resources are not sufficient to deal with the needs identified in the plan, showing awareness of the inconsistencies between plan and budget.</i></p> <p>Does it outline the prioritised investments to address the identified challenges?</p> <p><i>No, estimated cost of 44 million SD is identified in e.g. health, but no reflection on which project prioritisation.</i></p> <p>Does it propose the strategies the locality will use to implement the annual plan?</p> <p><i>Yes, it outlines that infrastructure projects should be implemented by the private sector, while health and other social affairs must be implemented by state level technical departments.</i></p> <p>Does it provide the strategies through which the locality will monitor and evaluate the annual plan?</p> <p><i>Not mentioned clearly, but stated that the projects will be taken over by the communities whom will be responsible for monitoring together with technical departments.</i></p> <p>Does it give the costs of each of the prioritised investments (budget allocation) and sources of funding?</p> <p><i>Yes, costing is in place, but no mentioning of the source of funding.</i></p> <p>Is it attached with detailed investment profiles for each of the prioritised projects (e.g. the project title, background/objectives, technical description, implementation strategies, funding requirements and sources, strategies for operation and maintenance, environment and gender screening, etc.)?</p> <p><i>There are separate sector plans, in which each project is described with a full map; technical specifica-</i></p>	

<i>tions and funding requirements.</i>	
<b>Comprehensive/strategic medium term (3-4 years) plan in place</b>	
<p>Is there a strategic, medium term plan in place?</p> <p><i>Yes, 2005-2008.</i></p> <p>Does it provide details of the background to the locality?</p> <p><i>Yes, in the introduction there is a short description of the locality.</i></p> <p>Does it describe the process through which the medium term plan was developed (linked to the annual planning process)?</p> <p><i>Yes, it describes how projects are recommended by the technical departments and the state administration. Annual plans are annexed to the medium-term plan.</i></p> <p>Does it list challenges encountered during the previous process and strategy for deepening of the participatory planning process?</p> <p><i>Only limited info. See annual plan.</i></p> <p>Does it give detailed analysis of locality challenges and opportunities?</p> <p><i>Only to a limited extent.</i></p> <p>Does it give detailed analysis of crosscutting issues including poverty, environment and gender?</p> <p><i>There are no ethnicity issues in the locality as it is ethnic homogenous. However gender equality is an issue which is not discussed in the plan however the inclusion of proposals for girls' schools shows awareness of the issue. Likewise, environment has not been discussed, but garbage collection is included in the plan. Also a centre for the disabled is proposed.</i></p> <p>Does it outline the locality Vision, goals, and objectives?</p> <p><i>Not directly in the plan, but the Locality has a vision of a model town with concrete plans, which it is slowly implementing on a 10-20 year timeframe. School and water treatment plants have already been built in accordance with the plan.</i></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><i>Yes, integrated into the plan.</i></p> <p>Does it give cost projects to implement the medium plan with indicative sources of funding?</p> <p><i>Yes costing, but no mentioning of source.</i></p>	

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

*Yes to some extent, see annual plan.*

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, according to the financial controller, the budget for the new year is based on the previous year with a few percentages changed based on forecasted new expenditures, e.g. staffing.*

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

*Only for 1 year.*

Is budgeting based on available funds and identified sources?

*Hamashkoreeib is a territory in conflict with no own revenue, so funds are based on allocations from the state to bridge the gap between resources and expenditures. Because of this circumstance the expenditures may deviate from the budget.*

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

*No deviation. 65% of 2006 budget spent till date.*

Are budget deviations legally approved?

*N.a.*

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

*3.8% directly paid to the poor (gifts for poor).*

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

*29%*

### Fiscal capacity

<b>Revenues</b>	
<p>Has been the increase in own source revenues over the past two years?</p> <p><i>0%</i></p> <p>What is the percentage of revenues collected against the planned revenues (targets)?</p> <p><i>N.a.</i></p> <p>Are there clear strategies to improve own-revenues and fiscal capacity?</p> <p><i>Strategy yes, but not implementable.</i></p>	
<b>Revenue management (administration)</b>	
<p>Does the revenue collection reach the targets set?</p> <p><i>No target.</i></p> <p>Are accountability measures on revenue collection in place, such as registers, authorised collectors, banking, etc.?</p> <p><i>N.a.</i></p> <p>Is feedback given to communities on the amounts of revenue collected and how it was used?</p> <p><i>N.a.</i></p>	
<b>Expenditures</b>	
<p>What is the level of administrative expenditure compared to own source revenues (%)?</p> <p><i>No own source revenue.</i></p> <p>What is the share of the costs for the Legislative Council out of the total budget?</p> <p><i>Informal council: budget support for transportation and refreshments. Total: 2 %.</i></p> <p>What is the share of the local revenue spent on capital investments?</p> <p><i>N.a.</i></p>	

### Financial management and audit capacity

<b>Budget execution and cash flow</b>	
<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>Yes. Monthly in-flows from the state are expected. There is a cash-flow plan, but it doesn't always work. The team was not shown the plan.</i></p> <p>Is the Locality maintaining adequate liquidity, and not accumulating arrears or debts?</p> <p><i>Not adequate liquidity and they often have outstanding arrears. There are always debts to transfer to the next year.</i></p> <p>Is there a commitment control system in place?</p> <p><i>No systems as such, however, all commitments are signed by the Executive Director. The financial controller keeps Exec. Director updated on the funding situation and alarms if no commitments can be made. .</i></p> <p>If so, who orders, signs, authorises, etc?</p> <p><i>Exec. Director.</i></p>	
<b>Accounting</b>	
<p>Are all books of accounts properly maintained and up to-date including:</p> <p>Creditor register; - <i>Yes</i></p> <p>Control of debt (registers etc.). - <i>Yes</i></p> <p><i>Revenue forms are available but not in use.</i></p> <p>Is the imprested/petty cash management, including register, functioning and up-to date?</p> <p><i>Checks available with proper receipts. Bank statement available for August 2006. SD 9 million on the account. Ledger etc. in place.</i></p> <p><i>No petty cash system in place - only check system.</i></p> <p>Is there a functioning system of assets register and management?</p> <p><i>Yes register in place.</i></p> <p>Are inspections undertaken <u>and</u> inventories maintained of fixed assets?</p>	

***Yes, can be seen noted in the register.***

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

***Yes, locked in closet in Financial Controller's room. No safe available as house is rented.***

### **Internal Control**

Is the internal audit function operational?

***Yes. IA report 2005 exists. Extensive document with recommendations.***

Is there evidence of follow up on the IA results?

***Yes. See also MQC.***

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

***Yes, prior to payments, budget and accounts must be checked. Everything goes by the Controller. Each payment checked by IA.***

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

***Yes, as approved by State General-Auditor.***

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

***1) IA system. 2) Exec. Director controls all commitments. 3) All management seem to be as per financial regulations of the State.***

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

***No.***

Do internal accounting and reporting regulations and procedures exist?

***Yes, accounting system in accordance with regulation.***

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.

*Not fully clear. Also note that the Commissioner acts as both legislative and executing ranking officer.*

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

*No, however IA is a member of the procurement committee.*

### Procurement Capacity

Procurement Organs	
<p>Is the technical evaluation committee constituted with appropriate membership?</p> <p><i>Yes, see MQC.</i></p> <p>Does the technical evaluation committee consider all procurement proposals before procurements are made?</p> <p><i>Only one case to be reviewed - house for teachers - in this case there was only one bidder, so not applicable. Details:</i></p> <p><i>Proposal: SD 2 million. Tendered 6/8. Application received 3/8. Locality cannot explain this inconsistency in dates.</i></p> <p>Does the procurement authorities (Commissioner) adhere to the recommendations of the technical evaluation committee (or explains non-adherence)?</p> <p><i>Yes, awarded in accordance with the minutes.</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>Yes. In this one case the following was mentioned in the advertisement: 1) The contractor must be Sudanese. 2) Have a reputable firm. 3) Paid taxes. In addition there is a long list of project specifications.</i></p> <p>Are all procurements advertised (as per the thresholds)?</p> <p><i>Verbal information, that this was advertised on the board and local radio and TV (no evidence).</i></p> <p>Are proper evaluation criteria used for the bids and proposals?</p> <p><i>Yes, best financial offer for firms meeting the threshold.</i></p> <p>Is there timely and transparent award of contracts?</p>	

***Contractor informed in writing. Work has started, and first instalment made 27/8/06. Receipt available.***

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

***No***

### Transparency and Accountability

#### Downward reporting/accountability

Is the public informed about:

Indicative planning figures (before the start of the planning process)?

***In the case of IFAD project - yes.***

Approved projects in the annual plan (with reasons for some of the community needs not to be implemented in a particular year)?

***Yes, IFAD.***

Approved budgets indicating sources of funding and clearly specifying the required community contributions (both the volume and nature of contributions)?

***IFAD yes: IFAD 75%, community 25 in kind and cash.***

Funds received to implement the projects and how they have been allocated?

***IFAD, yes.***

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?

***IFAD, yes.***

Public access to financial information (plans, budgets, accounts and audit reports)?

***No***

Feed-back and information to the people's committees.

***Full community involvement in all facets of project according to locality staff.***

<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?</p> <p><i>Only communication via Executive Director. No horizontal coordination/information sharing.</i></p> <p>Is the regular submission of reports and provision of information to the Legislative Council?</p> <p><i>Yes, when the informal council requests, the technical departments will comply. Education chief has submitted written report to Council in 2006. Personnel chief has submitted oral reporting in 2006.</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>GOAL, PLAN and SAFE etc. all work in Locality. All involve PCs and there is information sharing between the actors. Education chief has good working relation with NGOs.</i></p>	
<b>Upward accountability</b>	
<p>Is the submission of the required reports to the State timely?</p> <p><i>IA - yes. See MQC.</i></p> <p><i>Case of education budget submitted to the State. Case of Personnel chapter-1 budget submitted to the state.</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

<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.?</p> <p><i>Only one set of minutes available. See MQC.</i></p> <p>Are council sub-committees established in required areas?</p> <p><i>No</i></p>	

Are council sub-committees discussing the relevant issues related to their sectors?	
<i>N.a.</i>	
<b>People's Committees</b>	
Is there evidence that the Locality has developed guidelines and a plan to mentor the people's committees in the execution of their functions, especially in relation to enhancing community driven development?	
<i>PCs received training from the beginning so that they could determine priorities. PCs divided into sub-committees, such as education and health as well as a women's committee. (Interview with PC member).</i>	
Is there evidence that the Locality has actually trained the people's committees in the execution of their roles in relation to community-driven development?	
<i>Yes, oral reporting PC member</i>	
Is there evidence that the Locality has given feedback to the people's committees regarding their performance (achievements and challenges) and guidelines for further improvement?	
<i>Locality assists PCs when needed. Two cases: Lack of electric generator operator for one project and guard for another. Locality provided both (PC member)</i>	

### Human Resource Development/ Capacity Building

<b>Capacity building planning process</b>	
Has the locality conducted a capacity needs assessment to strengthen its function, with precedence given to institutional rather than individual needs (e.g. derived from systems for staff audit and appraisal)?	
<i>No</i>	
Has the locality developed a comprehensive capacity building strategy/plan (formulated as per the recommended format)?	
Are the priorities in the CB plan within the project specified menu?	
<i>N.a.</i>	
<b>Quality of the Capacity Building Plan</b>	
Does the capacity building plan provide the background to the locality in the context of capacity building?	

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

### Project Supervision and Monitoring

<b>Contracts management and technical supervision</b>	
<p>Are all projects implemented with appropriate contracts (agreements)?</p> <p><i>One IFAD project identified - yes.</i></p> <p>Are all payments made with the required certification (no advances, payments made against outputs)?</p> <p><i>Yes, but only one payment made till date.</i></p> <p>Does the technical staff ensure that the projects are implemented on schedule and following the specifications?</p> <p><i>Depends on nature of project. In case of IFAD Locality staff fully involved.</i></p>	
<b>Monitoring and reporting</b>	
<p>Has the locality developed a clear strategy for monitoring the implementation of projects?</p> <p><i>For IFAD, yes, with monthly joint reporting.</i></p> <p>Does the locality monitor all projects being implemented (monitoring of progress)?</p> <p><i>N.a.</i></p> <p>Is there evidence that the locality conducts technical inspections of projects?</p> <p><i>N.a.</i></p> <p>Are progress reports arising from the monitoring and technical inspections exercises compiled?</p> <p><i>- IFAD yes.</i></p> <p>Is there evidence that the Executive Committee discusses the monitoring and technical inspection reports and makes management decisions?</p> <p><i>N.a.</i></p> <p>What is the percentage of projects implemented against the plan?</p> <p><i>N.a.</i></p>	

## **Appendix B: People met**

Locality staff:

Executive Director

Head of Personnel Division

Head of Education Division

Financial Controller

Accountant

Store Keeper

Clerk

Other:

LIU Manager

People's Committee member

IFAD project staff

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

Annual plan 2006

Strategic plan 2005-2008

Annual budget 2006 (Chapter 1, 2 and 3)

Internal audit report 2005

Auditor-General's report for 2004 and 2005

Minutes from Informal Advisory Committee meeting

State approval letter of budget 2006

State approval letter of plan 2006

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

Bank statement

Financial accounts 2005

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

Revenue register and receipts (not used)