

**The World Bank**

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

**Kassala**

Assessment report

September 2006

**COWI**

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Prepared Erik Bryld  
Checked Thomas Juel Thomsen  
Approved Thomas Juel Thomsen

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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 Kassala, 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 Kassala**

Kassala is the capital of Kassala State in the eastern part of Sudan. Kassala locality covers Kassala town in addition to the rural areas east and west of Kassala town. The administration has three sub-administrative units: Kassala Town, Kassala East and Kassala West. It has a population of 680,117 inhabitants distributed over 304 people's committees (96 in Kassala Town covering 331,405 citizens; 120 in Kassala East covering 233,538 citizens; and 88 in Kassala West covering 115,173 citizens).

The recent peace agreement between the Government of Sudan and the Eastern Front will lead to an expansion in the number of localities in Kassala State from five to eleven by 1 January 2007. In this process Kassala locality will be split into three separate localities (Town, East and West).

Kassala locality has 4,098 employees of which 220 are working in the locality administration. All staff is seconded from Kassala State.

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

As Kassala West is still only a sub-administrative Unit with no separate planning, budgeting, and accounting system, the team has assessed Kassala locality as a whole.

## **1.2 Assessment context**

Issues influencing the outcome of the assessment:

- 1) State regulations do not require the locality have an Executive Committee, consequently, Kassala does not have an Executive Committee, and does therefore not comply with any of the assessment questions related to the Committee.
- 2) The LIU manager provided helpful assistance to the team throughout the assessment

## 2 Minimum qualifying criteria

### 2.1 Development planning and budgeting capacity

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

In line with the requirements of the State regulations there is no Executive Committee at Kassala locality. Instead, a Service Committee has been established to discuss technical and budgeting issues. The Committee does not hold executive powers and operates without the participation of the Executive Director. Meetings take place on an ad hoc basis and no minutes are available from these meetings. The latest meeting concerned costing of school rehabilitation.

The Service Committee does not play a direct role in the formulation of the annual plan which is the responsibility of the Executive Director based on inputs from the different locality departments.

**Existence of a timely and council approved annual social and economic plan.** An annual plan for 2006 has been developed by the locality and approved by the State. The plan is simple in its format with limited information available. It is presented as a matrix divided into sectors outlining primary activities to be undertaken in the given sector. Each project is listed within the given sector. No estimated budget has been provided for the individual projects instead an overall budget for the individual sectors is mentioned. The projects are mentioned by name and output, e.g. provision of seating for 1,500 school children.

To prepare the annual plan for Kassala the Executive Director requests the technical departments to forward a list of relevant projects aimed for implementation in the coming year. The list is prioritised and shortened by the Executive Director together with the Heads of departments. It is then approved by the Executive Director and forwarded to the State for approval. The State of Kassala decides which projects to be implemented from the plan and adjust it accordingly in accordance with State priorities. Finally, the locality is informed of the State's decisions and authorised to assist in implementing the locality plan.

There is no Legislative Council in Kassala Locality (see Introduction) but the plan has been approved in accordance with current State regulations.

It should be noted that the plan only refers to Chapter 3 activities (rehabilitation and development), which are to be funded and executed by the State. No plan

has been developed related to Chapter 2 activities, which relate only to operational costs.

**Existence of a timely and Legislative Council approved annual budget** The annual budget has been prepared and signed in accordance with the guidelines. The budget is not signed, but the Commissioner and Executive Director have signed the submission letter to the State. In accordance with the requirements, the budget consists of three individual budgets, one for each Chapter. The state covers all funding under Chapter and 1 (staff) and 3 (rehabilitation and development) and is responsible for implementing Chapter 3 activities.

There is no Legislative Council in Kassala locality (see Introduction) but the budget has been approved in accordance with current State regulations.

**Clear link between annual plan and budget.** There is a clear link between the annual plan and budget. The annual Chapter 3 budget is identical to the funding needs identified for the development activities in the annual plan.

**Capture of operational costs in the budget derived from capital investments.** The Chapter 2 budget should fund non-salary operational costs. The operational costs of capital investments of the locality are at least in part covered in the Chapter 2 budget. It was not feasible to assess whether the budget was sufficient.

**Capture of maintenance costs in the budget derived from capital investments.** Small scale maintenance is captured in the budget while the State is responsible for larger scale maintenance and rehabilitation (Chapter 3).

## 2.2 Fiscal capacity and financial management

**No decrease in revenues in the nominal figures from the previous year-but-one to the previous.** There has been a 6.9% increase in revenues from 2004 to 2005

Year	Revenue (SD)
2004	496,537,830
2005	530,651,741
Revenue increase 2005	34,113,931

**Co-funding requirements complied with for capital investments.** Kassala will benefit from CDF funding but is only in the initial stage of project identification. The locality is only expected to comply with co-funding obligations, once CDF projects are being implemented. Therefore the co-funding criterion is not relevant at the present stage.

**Entire final accounts for the previous year produced on time and submitted for audit.** The final accounts of 2005 have been submitted on time and approved by the State. The final accounts have been approved by two accountants

and the Head of the Financial Department and submitted to the State 5 January 2006. The accounts were not signed by the Executive Director or the Commissioner. The Executive Director expressed satisfaction with this process. The final accounts have been submitted and endorsed by the State. No date available on State endorsement letter.

There is no Legislative Council in Kassala Locality (see Introduction) but the final accounts have been approved in accordance with current State regulations.

**All books of accounts maintained up-to-date, including bank reconciliation.** The locality has all relevant books related to accounting and financial management in place and up-to-date. This includes: ledgers; bank books; check receipt register; revenue collection documentation; and petty cash documentation. All books of accounts are maintained and up-to-date as of 4 September 2006. A bank reconciliation statement by end of August 2006 shows a balance of SD 10,500,528.

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

**Internal audit function in place, including quarterly reports submitted to the Council and the State.** Kassala has an internal audit function in place. Internal audit reports have been prepared by the locality internal auditor on a quarterly basis and submitted to the State. The reports contain an extensive list of recommendations with suggestions for improving locality operations, but only few audit related comments. The reports were submitted to the State on time.

There is no Legislative Council in Kassala Locality (see Introduction) but the internal audit has been approved in accordance with current State regulations.

**Clean audit report for the last audited year.** The Auditor-General has only minor comments in the 2004 and 2005 audit of the locality final accounts and internal audit reports. Comments of the Auditor-General to the 2005 audit include:

- 1) Noted increase in Chapter 2 expenditures.
- 2) Five expenditure items were not activated in 2005.

No irregularities were reported. The comments have been addressed by the locality.

**No major financial irregularities noticed during the year and/or irregularities unsettled from previous year.** No financial irregularities reported in 2004 and 2005.

## 2.3 Procurement

**Tender evaluation committee has been established and tender procedures are as per the regulations.** A procurement committee has been formed by the Commissioner with membership of the Executive Director; Head of Finance; Head of services; Chief Accountant; Internal Auditor; Revenue Accountant; Representative of the Unit carrying out the tender; and the Storekeeper. The Committee holds a more extensive membership than that required by State regulations. The inclusion of the Internal Auditor in the Committee is a State requirement.

Minutes from the Procurement Committee meetings reflect the use of standard procedures for procurement that follow the State (MoF) guidelines. First, the Committee meets to decide on terms of reference and selection criteria; then advertisements are made in local media; written proposals are received; finally, the Committee re-adjourns for screening proposals in accordance with the criteria set and awards the contract to the selected contractor.

Criteria established by the Committee for selection of service provider/supplier include: price, quality and quantity. In addition a supplier should commit to provide the agreed supplies to the locality from outside Kassala should these not be available locally. A standard penalty is introduced for contractors of SD 100,000 for every week the agreed provision is delayed.

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

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

## 2.4 Functioning of political institutions

**Legislative Council in place and operational, e.g. regular meetings, decisions etc.** The State of Kassala abolished locality level legislative councils in 2003. These are expected to be formed with the introduction of the new State constitution (see Introduction).

## 2.5 Staff functionality

The locality has an organisational chart clearly outlining the four departments and the different sub-divisions. According to the Head of Personnel, all positions are staffed.

**Position of the Executive Director filled with requisite qualifications.** The Executive Director position is filled with a qualified candidate. The person holds a university degree in Geography and a diploma from the Academy of Administration in Sudan. He has 28 years of experience and must be assessed as fully qualified for the position.

**Head of Administrative Finance Affairs Section filled with requisite qualifications.** The person was not available for interview due to the visit of President Bashir to Kassala. No information was available on the level of qualification.

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

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

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

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

In the Chapter 2 budget some funds have however been allocated in support of training to cover per diem and travel expenses.

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

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

## 4 Performance assessment

### 4.1 Development planning and budgeting capacity

**Existence of a participatory planning process.** There is no proactive participatory planning process in place in Kassala. The locality does not perform outreach activities for the involvement of the community or people's committees in the annual planning process. People's Committee chairmen do however approach the technical departments of the locality to present project proposals. This is a standard practice, and the head of the department will then decide whether or not to include the project in the Department's long list to the Executive Director of project suggestions for the annual plan. The Executive Director will then decide which projects to include in the final draft plan submitted to the State. However, according to the planning section, there are close synergies with IFAD in the planning process. There is a monitoring plan for IFAD activities, which the locality is involved in implementing. IFAD is the only NGO operating in Kassala locality.

There is no clear evidence of the plan being developed based on analysis of the poverty situation in the locality. The locality has a social division responsible for undertaking such analyses however no evidence was available to confirm this.

The plan has not been presented to the Executive Committee or Legislative Council as these are currently not in place (see Introduction). The plan was submitted to the State on time. The State level has then prioritised among the projects in the plan and revised it in accordance with State level plans. The final plan has been approved by the State and returned to the locality.

**Quality of the annual development plan - must adhere to the provided format.** The quality of the locality plan could be improved as the plan does not include basic background information or analysis underscoring the priorities of the plan. Projects are not prioritised, and the plan is not supported by an analysis illustrating the locality-peculiar challenges and opportunities. The plan does not include a description of the planning process.

The annual plan consists of a simple matrix divided into sectors with names and outcomes of individual projects. Each sector has its own budget, but there is no budget for the individual projects. However, the source of funding for each sector is clearly delineated in the plan. The bulk of activities are to be funded by

the State, while international donors and NGOs are also expected to contribute to the implementation.

**Comprehensive/strategic medium term (3-4 years) plan in place.** There is no locality plan beyond the current annual plan; however some of the projects identified in the 2006 annual plan are expected to extend beyond 2006.

**Budgeting capacity.** The locality shows some capacity for budgeting. The Chapter 2 budget is based on previous year's accounts taking into consideration inflation; the introduction of new activities; and projected revenue collection. Salaries occupy a dominant share (74.2%) of the budget while funding for development represents 25% and recurrent costs only 2% of the budget. The Chapter 2 budget is based on expected local revenue collections and is identical to the expected expenditures in 2006. The Chapter 2 execution performance in the first six months of 2006 was however limited to 62% of the planned target. No explanation for this deviation was available.

Chapter 1 derives from the number of staff seconded from the State to the locality. Chapter 3 is based on the projects approved for implementation by the State.

## 4.2 Fiscal capacity

**Revenues.** The locality has adequate if not strong revenue generation capacity and some ideas for how to increase revenues, but no clear strategies. There has been an increase in locality revenues of 6.9% from 2004 till 2005 primarily as a result of an increase in rent fee for market shops. The ideas for how to increase revenues in the future include further increasing the rent of locality houses and shops and expanding the pilot Built-Operate-Transfer (BOT) shop system established by the locality has. Through the BOT arrangement the locality provides a plot of land for an entrepreneur to develop a market shop. The entrepreneur will then be given free lease of the shop for 3-5 years after which it must be transferred to the locality.

In 2004 only 496 million SD was collected against a projected 833 million, which gives a total of 60% against target. Two reasons were given for this deviation: 1) In 2004 Kassala town experienced the most severe flash floods from the river Gash in more than 40 years, which lowered the revenue from shop rents and house taxes. 2) It is common practice to overestimate revenue projections to meet the Chapter 2 budget in the expectation that the State eventually funds the gap. The State usually complies with the request for funding the gap.

**Revenue management (administration).** The locality has an extensive revenue management system with clear accountability mechanisms. 50 trained revenue collectors undertake the collection escorted by State police. The work is overseen by a revenue sub-administration. The locality is aware of the expected amount from each revenue collector as all shops and houses are duly registered, enabling internal audit of the process.

Books of revenue collectors; revenue accountant register; receipt books; bank payment receipts and internal audit check were all found to be up-to-date. Transparency is limited however with no communication of the total revenue collected to the locality community.

**Expenditures.** The current local revenue level is equivalent to 30% of the locality administrative budget. No expenditures are allocated for legislative council (not in place).

### 4.3 Financial management and audit capacity

**Budget execution and cash flow.** The cash in/out-flow is controlled by the locality by watching daily payments against the available cash-balance. But no system exists in the form of an in-flow-out-flow plan or similar. The in-flow and out-flow of cash is monitored on a daily basis by the Financial Controller. The Controller has an overview of the regular income from State level, but no projections on future expected expenditures relative to in-flow of cash. The locality has adequate funds at its availability substantiated by the bank balance and does not carry any debts or arrears.

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

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

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

All the above documents have been updated within the last month. All accounting books and documentation are kept in a locked closet and in the locality safe.

A comprehensive asset management system is in place, which was updated in 2006 with a note on the status of each individual asset. The assets are registered with their placement in the locality. Each door in the locality has a sheet describing the inventory. Removal of inventory from one room to another will require a change in the inventory lists.

**Internal control.** The locality has an operational internal audit function in place. The Internal Auditor performs daily checks of locality financial transactions. These include audit of payments in check and cash; audit of ledgers; audit of bank books; procurement and revenue collection. All documentation audited is marked with red pen or the Internal Auditor's stamp. These procedures are in line with the State guidelines.

While there are no specific procedures to safeguard against mismanagement and interest of conflict, a number of the above described financial management procedures will effectively work as safeguards. These include:

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

The Executive Director will authorise a payment. Availability of funds and budget line identification will be undertaken by the Financial Controller. The payment is then transferred to the internal auditor for certification and finally the accountant will release the funds. The payment is then audited by the internal auditor.

To improve the effectiveness of the operations and increase the service level, the locality has decided to approach shop owners at the market for issuing and renewing licenses, so the shop owners do not have to approach the locality.

#### **4.4 Procurement capacity**

**Procurement organs.** A Procurement Committee has been established with appropriate membership (see procurement section under MQC).

**Procurement process.** Minutes from the Procurement Committee meetings reflect the use of standard procedures for the procurement process which is in accordance with the State (MoF) guidelines. First, the Committee meets to decide on terms of reference and selection criteria; then advertisements are made in local media; written proposals are received; finally the Committee re-adjourns for screening proposals in accordance with the criteria set and awards the contract to the selected contractor.

Criteria established by the Committee for selection of service provider/supplier include: price, quality and quantity. Usually, requirements to the contractor's efficiency and competence are included in the screening process.

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

Transparency and accountability mechanisms are built into the procurement process by ensuring: a) that all advertisements for the coming year will have to be published prior to 15 December in the current year; and b) that all bidders are invited to attend the opening of the proposals at the locality. The winner is informed in writing.

## 4.5 Transparency and accountability

**Downward reporting/accountability.** Downward accountability of the locality is limited. There is not a tradition for publicising locality information such as plans, budgets, and audits. The locality does not undertake outreach activities to the community and with the absence of a legislative council there is no downwards information flow. An exception to this is the IFAD project, which shares basic project related information with the peoples' committees.

**Horizontal accountability.** Some level of horizontal accountability is in place. Cross-departmental information sharing takes place between the technical departments on a regular basis through the Service Committee. These are however informal and no formal department meetings are held covering all locality departments and the Executive Director. Cross-departmental information sharing is however permitted and do take place without the need for pre-approval of the Executive Director. There is regular information sharing with IFAD.

**Upward accountability.** There is a strong upward accountability. Submission of budgets, audits and plans to the State have been in accordance with State guidelines and have been approved by the State.

## 4.6 Functioning of political institutions

**Locality Legislative Council.** There is no legislative council in Kassala locality (see Introduction).

**People's Committees.** The locality does not undertake any training or provide feedback to the people's committees. The locality expects the people's committees follow the People's Committees' Act, but there is no monitoring on the side of the locality of the functioning of the people's committees.

## 4.7 Human resource development/capacity building

**Capacity building planning process.** There is no capacity building plan in place. (see also MQC section).

**Quality of the Capacity Building Plan.** There is no capacity building plan in place to assess.

**Capacity building implementation.** There is no capacity building plan in place to assess.

**Monitoring of CB.** There is no capacity building plan or monitoring scheme in place to assess.

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

**Contracts management and technical supervision.** CDF activities have not reached a state of programme implementation, and no contract management or supervision is therefore required.

**Monitoring and reporting.** The Service Committee is involved in the monitoring of IFAD programme activities. The nature of the involvement is however not fully clear and no hard evidence could be found.

## 5 Conclusions

### 5.1 Compliance with Minimum qualifying criteria

Minimum Qualifying Criteria: Summary of status

Qualify

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

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

## 5.3 Capacity building needs and functional gaps based on performance indicators

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

- Development planning and budgeting capacity: a) capacity building is needed for 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) train locality staff in participatory planning through inclusion of the community in the planning process, 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) build capacity for medium term planning and budgeting.
- Fiscal capacity and financial management: a) particularly cash flow planning also taking into consideration seasonal variations and planned new activities, this should be closer linked to the locality commitment system; b) undertaking three-year projections of expected revenue generation.
- Transparency and accountability: a) 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.
- 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 operations and provision of training from the locality to the committees 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 Kassala obtained 7 A's, 3 B's and 11 C's, which suggests that it shows "good" or "some" capacity in many functional areas examined but also that it remains weak in even more 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>C</b>
Budgeting capacity	<b>B</b>
<b>Fiscal capacity</b>	
Revenues	<b>A</b>
Revenue management (administration)	<b>A</b>
Expenditures	<b>B</b>
<b>Financial management and audit capacity</b>	
Budget execution and cash flow	<b>B</b>
Accounting	<b>A</b>
Internal Control	<b>A</b>
<b>Procurement Capacity</b>	
Procurement Organs	<b>A</b>
Procurement Process	<b>A</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 the planned division of the locality into three separate localities. Attention should also be given to 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: Kassala
- ❑ Size of the local government in terms of population: 680,116. Western: 115,173. Eastern: 233,538. Town: 331,405
- ❑ Number of staff: 4098, Admin: 220
- ❑ Number of administrative units: 4, as per 2003 Act.
- ❑ Number of people's committees: Town: 96, East: 120, West: 88
- ❑ Geographical location: In Kassala State
- ❑ Special features:

Kassala Locality will be divided into three from 2007: Town, Rural East, Rural West (CDF), currently there are separate administrative units, but not separate documentation (budget, accounts, plans etc.). Therefore, the whole of Kassala locality administration was assessed. As per the State regulations there is no legislative council in Kassala.

## Minimum Qualifying Criteria

### Development planning and budgeting capacity

Performance/capacity area (MQC)	Performance/capacity area (MQC)
Coordination of the planning function	Functioning of the locality Executive Committee in development planning
<p>Obtain and review minutes from the Executive Committee for the previous and current financial year.</p> <p><i>No executive committee, but a Service Committee, which discuss technical and budgeting issues more than planning. The Committee does not have any executive powers.</i></p> <p><i>Planning is undertaken through departmental inputs to the Executive Director.</i></p> <p>Did it meet as required (at least once per month)?</p> <p><i>No minutes.</i></p> <p>Were meetings attended by the appropriate staff (the EC may co-opt technical resource persons)?</p> <p><i>As per requirements of the Committee in accordance with the subject discussed.</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>Subjects discussed are: development and costing.</i></p>	
Planning capacity	Existence of a timely and council approved annual social and economic plan (Section 10 B of the LG Act, 2003)
<p>Obtain and review the annual plan for the current year (2005):</p> <p>Was the annual plan signed as per guidelines (Council Chairman, Commissioner)?</p> <p><i>Yes, and approved by the State 5 January 2006. Chapter 3.</i></p> <p>Did the annual plan include a project profile for each of the prioritized projects following the recommended format?</p> <p><i>The plan is in matrix format by sector, with individual project budgets. Plan specifies projects and overall budget for each individual sector (not individual projects), i.e. seating for 1,500 school children.</i></p> <p>Review the minutes of council. On this basis, have the Legislative Council discussed and approved the annual plan? (Note the dates and relevant minutes).</p> <p><i>N.a.</i></p>	
Budgeting capacity	Existence of a timely and Legislative Council approved annual budget

<p>Obtain and review the annual budget for the current year (2005).</p> <p>Has the annual budget been signed as per guidelines (Council Chairman, Commissioner)?</p> <p><i>Yes, letter seen by team - no date.</i></p> <p>Has the annual budget been prepared as per guidelines?</p> <p><i>Yes, in full compliance. One for each Chapter 1-3.</i></p> <p>Review the minutes of the Council. On this basis, does it appear that the Council discussed and approved the annual budget before the end of December? (Note the dates and relevant minutes.)</p> <p><i>N.a.</i></p>	
<b>Financial interpretation of the plan</b>	<b>Clear link between annual plan and annual budget</b>
<p>Review and compare the annual plan and budget. Based on the review/comparison, does it appear that the priority projects in the annual plan have been reflected in the annual budget (budget linked to activities and outputs)?</p> <p><i>Yes, the annual budget provides a funding frame for chapter 3 development projects, which is identical to the Locality plan.</i></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><i>Endorsed by State. Letter.</i></p> <p>Review the budget. On this basis, have the major investments been catered for in terms of operational costs (cross reference to the operational issues in the project profile)?</p> <p><i>Capital investments are undertaken by the State. But some operational costs are covered by locality through revenues from rent of houses, fees and input from state budget.</i></p>	
	<b>Capture of maintenance costs in the budget derived from the capital investments</b>
<p>Review the annual plan (including project profiles). Has the locality an elaborated maintenance strategy for capital investments?</p> <p><i>Not stated in annual plan, but on the individual project descriptions.</i></p> <p>Review the budget. Has the locality made provisions to meet maintenance costs of major investments?</p> <p><i>Funds are allocated in State budget. PC's have been trained to deal with their part of the projects.</i></p>	

**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>
<p>Obtain a copy of the final accounts for the previous year-but-one and for the previous year.</p> <p>Review accounts and note the total locality own revenue in both years.  <b>2004: 496,537,830.</b>  <b>2005: 530,651,741</b></p> <p>Have locality own revenues increased? By what percentage have they increased/decreased?  <b>Yes, increased by 6.9%</b></p>	
	<b>Co-funding requirements complied with for capital investments</b>
<p>Obtain and check bank statement for the Project Account.</p> <p><b>No project accounts. No CDF project activities yet.</b></p> <p>Have co-funding obligations been met as per project requirements (for example, if it has been posted for the first quarter of the first year)?</p> <p>Is there a record the amounts deposited on the bank accounts (co-funded) and dates?</p> <p>Obtain and review the budget for the current financial.</p> <p>Is there a provision for meeting the co-funding obligations?</p> <p><i>(In the second year, it will be important to ascertain whether co-funding obligations for the previous year were actually complied with.)</i></p>	
	<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>
<p>Obtain the final accounts for the previous financial year.</p> <p>Were they prepared and completed on time?</p> <p><b>Yes. Approved and signed by two accountants and the Director of the financial department on behalf on the Executive Director. 5/1/06.</b></p> <p>Were they submitted for audit before end of March (review submission letter and note date of submission)?</p> <p><b>Yes.</b></p>	

	<b>All books of accounts maintained up-to-date, including bank reconciliation</b>
<p>Obtain and review the major books of accounts such as the daily accounts book, ledger books, liability registers, deposit books, vote books (item expenditure book/allocation of funds), sample of bank accounts.</p> <p><b>Bank: 2/9/06 for August: Balance: 10,500,528.30</b></p> <p>Are they maintained?</p> <p><b>Yes, they are all maintained with clear dates and nos. See also Performance measures.</b></p> <p>Are they posted and up to-date (note dates of last postings)?</p> <p><b>Revenue register: 4/9/06, Bank receipt: 5/9/06, Cash book: 7/9/06.</b></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>Has a project specific bank account been opened with the required approvals (e.g. resolution of Council specifying bank and branch)?</p> <p><b>N.a.</b></p> <p>Who are the signatories of the bank account?</p> <p>Do the signatories meet the guidelines?</p>	
<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><b><i>Yes, with extensive set of recommendations, but few comments.</i></b></p> <p>Were the internal audit reports submitted to Council?</p> <p><b><i>N.a.</i></b></p> <p>Were the internal audit reports submitted to the State?</p> <p><b><i>Yes, 1 copy for the Commissioner and 1 for the MoF-State</i></b></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><b><i>1) Increase in chapter 2 expenditures noted.</i></b></p> <p><b><i>2) Percentage of expenditure has increased from previous year.</i></b></p> <p><b><i>3) Five expenditure items were not activated.</i></b></p> <p>Were the comments "minor" only?</p> <p><b><i>Minor</i></b></p> <p>Have the comments already been addressed by the locality?</p> <p><b><i>N.a.</i></b></p> <p><b><i>If yes to these two questions, the locality has passed the MQC.</i></b></p>	
	<b>No major financial irregularities noticed during the year and/or irregularities unsettled from previous years</b>
<p>Review the audit reports and other documentation.</p> <p><b><i>2004 Report: "All is going well"</i></b></p> <p>Has the locality reported major financial irregularities during the finance year?</p> <p><b><i>N.a.</i></b></p> <p>Has the locality not addressed financial irregularities from the previous year audits?</p>	

**Procurement**

<b>Procurement Organ</b>	<b>Tender evaluation committee has been established and tender procedures are as per the regulations</b>
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Is procurement being made by an Organ/Committee established as per procurement regulations?	
<i>Yes, procurement Committee. Formed by Commissioner. Exec. Director; Director of Admin. and Finance; Director of Services; Chief Accountant; Revenue Accountant; Internal auditor; Representative of the unit carrying out the tender; and the Storekeeper. Office order also signed by Commissioner.</i>	
Review minutes of the committee/organ. Establish the technical evaluation and procurement criteria and processes.	
<i>Reviewed sample: Criteria were in place. (see also Performance Measures section)</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>
Review the minutes from the council meetings.	
<i>N.a.</i>	
Does the Council meet as stipulated in the relevant laws and regulations?	
Does the Council discuss the relevant issues (i.e. annual plans and budgets, audit and financial reports etc)?	

### Staff functionality

<b>Staffing</b>	<b>Position of Executive Director filled with requisite qualifications</b>
Review the structure and the staffing position of the locality.	
<i>Organisational chart seen. Four departments. All staff on duty.</i>	
What are their qualifications?	
<i>Executive Director: Graduate in Geography. Diploma from Academy of Admin in Sudan.</i>	
What level and type of experience do they have?	
<i>A long range of relevant positions in Localities around Sudan, including Darfur.</i>	

<p>How many are on duty / actually working in the position?</p> <p><i>Fully covered.</i></p>	
<p><b>Staffing</b></p>	<p><b>Head of Administrative and Finance Affairs Section filled with requisite qualifications</b></p>
<p>What are their qualifications?</p> <p><i>Not available on second day of assessment due to payday/rain!</i></p> <p>What level and type of experience do they have?</p> <p>How many are on duty / actually working in the position?</p>	

## Capacity Building Support Access Criteria (CBSAC)

### Human resource development capacity

<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>Has a capacity building plan been developed?</p> <p><i>No authority to train employees. So no plan. But a special department with the State for training process.</i></p> <p><i>MoF sends letters to localities to nominate candidates, whose schools certificate and work experience should be forwarded to show necessary qualifications for application,</i></p> <p><i>BUT: there is an item in Chapter 2 for internal training where the Locality financially contributes in training staff in payment of per diem and travel.</i></p> <p>Does the plan specify capacity building support funds will be spent?</p> <p><i>N.a.</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>Is there a HRM function in place?</p> <p><i>Yes, there is an HRD function, and it is manned.</i></p> <p>Is the HRM position filled?</p> <p><i>See above.</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>PCs approach technical departments with service/project requests, which are then included in the annual plan if the technical department decides to do so. No outreach activities.</i></p> <p>Does the planning process capture the needs of special groups?</p> <p><i>No minutes. PCs approach Locality - not the other way around. "Good as the Technical staff know better the needs of the people".</i></p> <p>Cross-cutting issues:</p> <p><i>Social department have their own plan to deal with these issues. No evidence.</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 planning is integrated.</i></p> <p>Are technical departments involved in the desk and field appraisal of development projects?</p> <p><i>Annual Plan is based on inputs from the technical departments only.</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>Approved by State. See above.</i></p>	

<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>No. The points below are not required as per State regulation.</i></p> <p>Does it describe the participatory planning process through which the annual plan was developed?</p> <p><i>No.</i></p> <p>Does it analyse the locality-peculiar challenges and opportunities (e.g. in relation to gender, environment and poverty)?</p> <p><i>No.</i></p> <p>Does it outline the prioritised investments to address the identified challenges?</p> <p><i>No.</i></p> <p>Does it propose the strategies the locality will use to implement the annual plan?</p> <p><i>There is a clear delineation of the source of funding for each project.</i></p> <p>Does it provide the strategies through which the locality will monitor and evaluate the annual plan?</p> <p><i>No.</i></p> <p>Does it give the costs of each of the prioritised investments (budget allocation) and sources of funding?</p> <p><i>Yes, with specification of source clearly spelled out.</i></p> <p>Is it attached with detailed investment profiles for each of the prioritised projects (e.g. the project title, background/objectives, technical description, implementation strategies, funding requirements and sources, strategies for operation and maintenance, environment and gender screening, etc.)?</p> <p><i>No.</i></p>	
<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, 2007-2011.</i></p> <p>Does it provide details of the background to the locality?</p> <p><i>No.</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>No.</i></p> <p>Does it list challenges encountered during the previous process and strategy for deepening of the participatory planning process?</p> <p><i>No.</i></p> <p>Does it give detailed analysis of locality challenges and opportunities?</p> <p><i>No.</i></p> <p>Does it give detailed analysis of crosscutting issues including poverty, environment and gender?</p> <p><i>No.</i></p> <p>Does it outline the locality Vision, goals, and objectives?</p> <p><i>No.</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>No.</i></p> <p>Does it give cost projects to implement the medium plan with indicative sources of funding?</p> <p><i>Yes. Cost estimate of projects extending beyond 2006. The distribution of funding between different sources is fixed in advance.</i></p> <p>Does it elaborate the implementation strategies for the medium term plan?</p> <p><i>No.</i></p> <p>Does it elaborate the strategies to monitor and evaluate the implementation of the medium term plan?</p> <p><i>No.</i></p>	
<p><b>Budgeting capacity</b></p>	
<p>Does the locality take into account its previous performance in budgeting and budget follow-up when it does the yearly budgeting?</p> <p><i>Yes, checks annual performance of last year to estimate for coming year, taking into consideration inflation and introduction of new projects. Priority is given to incomplete projects.</i></p> <p>Are revenue projections made over the medium term (3-4 years)?</p> <p><i>Yes, but not available.</i></p>	

Is budgeting based on available funds and identified sources?

***Budget is funded through:***

***1) Govt. funds.***

***2) Revenue collection.***

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

***Jan-June, 31% of 50% of the total budget has been used, i.e. 62%.***

Are budget deviations legally approved?

***N.a.***

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

***Of Chapter 2: 3.1%***

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

***Total budget: 2,326,546,000SD***

***Chapter 1: 1,724,150,000***

***Chapter 1: 74.2%;***

***Chapter 2: 2.3%;***

***Chapter 3: 23.5%***

***Answer: 25.8%***

### **Fiscal capacity**

#### **Revenues**

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

***6.9% increase***

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

***60% of expectations. Budget 2004: 833,450,500. Actual revenue: 496,537,830. Difference is due to 1) Gash flooding, which destroyed a large number of houses, and thus revenue potential. 2) Creating leeway for approaching the State for additional funds by the end of the year.***

<p>Are there clear strategies to improve own-revenues and fiscal capacity?</p> <p><b><i>By raising rent</i></b></p> <p><b><i>Through a range of BOT shop arrangements.</i></b></p>	
<b>Revenue management (administration)</b>	
<p>Does the revenue collection reach the targets set?</p> <p><b><i>No. See above.</i></b></p> <p>Are accountability measures on revenue collection in place, such as registers, authorised collectors, banking, etc.?</p> <p>- <b><i>Yes:</i></b></p> <ul style="list-style-type: none"> <li>- <b><i>50 trained revenue collectors.</i></b></li> <li>- <b><i>Escorted by Police.</i></b></li> <li>- <b><i>Checked by executive officer.</i></b></li> <li>- <b><i>Sub-admin for revenue collection oversees work.</i></b></li> <li>- <b><i>Clear receipt procedures throughout the collection process.</i></b></li> </ul> <p>Is feedback given to communities on the amounts of revenue collected and how it used?</p> <p><b><i>No, as no legal council.</i></b></p>	
<b>Expenditures</b>	
<p>What is the level of administrative expenditure compared to own source revenues (%)?</p> <p><b><i>30% of own resources.</i></b></p> <p>What is the share of the costs for the Legislative Council out of the total budget?</p> <p><b><i>N.a</i></b></p> <p>What is the share of the local revenue spent on capital investments?</p> <p><b><i>N.a.</i></b></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>Not a specific plan, but is aware of the monthly salary requirements. He also knows the balance on a daily basis.</i></p> <p>Is the Locality maintaining adequate liquidity, and not accumulating arrears or debts?</p> <p><i>- No debts and arrears.</i></p> <p><i>- Yes, adequate liquidity substantiated by bank statement.</i></p> <p>Is there a commitment control system in place?</p> <p><i>Exec. Director is the only person who can commit resources.</i></p> <p>If so, who orders, signs, authorises, etc?</p>	
<b>Accounting</b>	
<p>Are all books of accounts properly maintained and up to-date including:</p> <p><i>- Yes.</i></p> <ul style="list-style-type: none"> <li>• Creditor register; <i>Yes.</i></li> <li>• Control of debt (registers etc.).<i>Yes</i></li> </ul> <p><i>Daily ledgers in order.</i></p> <p>Is the imprested/petty cash management, including register, functioning and up-to date?</p> <p><i>- Yes. With numbering of books/registers.</i></p> <p>Is there a functioning system of assets register and management?</p> <p><i>- Yes, with clear numbering of all assets Each room has its own sheet stating the inventory.</i></p> <p>Are inspections undertaken <u>and</u> inventories maintained of fixed assets?</p> <p><i>The register also writes comments on the status of the assets.</i></p> <p>Are financial management documents kept safe and locked away (safes)?</p> <p><i>Yes, in locker and safe.</i></p>	

Internal Control	
<p>Is the internal audit function operational?</p> <p><i>Yes, daily auditing takes place. See also revenue section. All documentation has IA 'red pen' or stamp.</i></p> <p>Is there evidence of follow up on the IA results?</p> <p><i>N.a.</i></p> <p>Is there any evidence of an active system of internal control, such as written policies and procedures adopted/customised by the management (internal procedures)?</p> <p><i>Yes, daily check of accounts, certified by all interviewed.</i></p> <p>Is there any evidence of locality policies and procedures in place to ensure adherence to state policies, directives, laws and regulations?</p> <p><i>Yes, as audit is approved by the general-auditor.</i></p> <p>Is there any evidence of policies and procedures in place to ensure safeguarding against mismanagement, errors, fraud, and other irregularities?</p> <p><i>Clear procedure on revenue collection.</i>  <i>- Special department for revenue accounting.</i>  <i>- Daily reports produced by the IA.</i></p> <p>Is there any evidence of policy procedures in place to promote orderly, economic, efficient and effective operations and delivery of services?</p> <p><i>- Every revenue collector has a policeman with him - effective collection.</i>  <i>- Quick licensing of shops. The locality meets the shopkeepers in the shops, so that they do not have to come to the locality for license renewal.</i></p> <p>Do internal accounting and reporting regulations and procedures exist?</p> <p><i>Yes, see above.</i></p> <p>Is there any evidence of policies and procedures to ensure segregation of duties, such as:</p> <ul style="list-style-type: none"> <li>• authorization to execute a transaction,</li> <li>• record an action, and</li> <li>• custody of assets involved in the transaction. IA, then sent to the department for releasing funds, then the financial controller decides if check/cash, and then finally audited in the end.</li> </ul> <p><i>Yes, i.e. The person authorising will transfer to financial accountant, whom will transfer to</i></p> <p>Do policies and procedures exist that safeguard against conflicts of interest?</p>	

*Yes, it is not feasible to bypass revenue collection system, because of the extensive registration.*

### 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>Yes. Committee hold first meeting. Then announcement through local media and television. The members of the Committee should collect at least three proposals. Committee convenes another meeting to verify proposals. Criteria include quality, prices, and quantities. Items not available at local market will be demanded from Khartoum through Kassala State Office. There are guidelines for procurement. Issued by MoF/State. The leaflets detail the financial ceilings for purchasing and contracting.</i></p> <p><i>Usually terms relate to efficiency and competence. Taxpaying certificate. Good quality, enough quantities. Written pledge must be submitted. Even penalties in state of failure - as fine e.g. SD 100,000 for each week of delay.</i></p> <p>Does the procurement authority (Commissioner) adhere to the recommendations of the technical evaluation committee (or explains non-adherence)?</p> <p><i>Must be signed by all members of procurement committee. Then signed by Fin. Mgt. and Exec. Dir. and Commissioner.</i></p> <p><i>Yes. And then he signs for final approval.</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>An example checked. And ToR was in place.</i></p> <p>Are all procurements advertised (as per the thresholds)?</p> <p><i>Yes, checked.</i></p> <p>Are proper evaluation criteria used for the bids and proposals?</p> <p><i>Yes. See above.</i></p>	

Is there timely and transparent award of contracts?

***Yes. All advertisements for the next year have to be published by 15 December latest. The winner is usually informed by the locality board for advertisement. Permit the competitors to attend the opening of the letters. Notify by mail and ask to go to locality to sign contract.***

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

***Permit the competitors to attend the opening of the letters.***

### Transparency and Accountability

<b>Downward reporting/accountability</b>	
<p>Is the public informed about:</p> <ul style="list-style-type: none"> <li>• Indicative planning figures (before the start of the planning process)? <b>No.</b></li> <li>• Approved projects in the annual plan (with reasons for some of the community needs not to be implemented in a particular year)? <b>No.</b></li> <li>• Approved budgets indicating sources of funding and clearly specifying the required community contributions (both the volume and nature of contributions)? <b>No.</b></li> <li>• Funds received to implement the projects and how they have been allocated? <b>No.</b></li> <li>• Opinion of the audit reports and how the locality is addressing the queries? <b>No.</b></li> <li>• Project implemented (ongoing and completed) with explanations of variations with the plans if any? <b>No.</b></li> <li>• Public <u>access</u> to financial information (plans, budgets, accounts and audit reports)? <b>No.</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?</p> <p><b><i>Yes, and request can go through departments without Executive Director involvement. This happened in the case of planning.</i></b></p> <p><b><i>In addition there are regular service committee meetings.</i></b></p> <p>Is the regular submission of reports and provision of information to the Legislative Council?</p> <p><b><i>N.a.</i></b></p> <p>Does the locality provide information to the non-state actors of the locality (other donor programmes,</p>	

NGOs, private sector) to enhance synergies?  <i>Clear synergy with IFAD project.</i>	
<b>Upward accountability</b>	
Is the submission of the required reports to the State timely?  <i>Yes, letters of submission of budget, IA and plan all in order.</i>	
Is the submission of the required reports to the project implementation committee timely?  <i>N.a.</i>	

### Functioning of political institutions

<b>Locality Legislative Council</b>	
Are discussions in the Council of a reasonable quality, i.e. do they discuss the annual plan, budget, financial and audit reports etc.?  <i>N.a.</i>	
Are council sub-committees established in required areas?	
Are council sub-committees discussing the relevant issues related to their sectors?	
<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>No.</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>No. It is expected that the PCs follow the PC Act.</i>	
Is there evidence that the Locality has given feedback to the people's committees regarding their performance (achievements and challenges) and guidelines for further improvement?  <i>No.</i>	

**Human Resource Development/ Capacity Building**

<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><i>No</i></p> <p>Has the locality developed a comprehensive capacity building strategy/plan (formulated as per the recommended format)?</p> <p><i>No.</i></p> <p>Are the priorities in the CB plan within the project specified menu?</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><i>N.a.</i></p> <p>Does it summarize the capacity building needs of staff, councillors, people's committees identified through the capacity needs assessment?</p> <p>Does it detail the mix of strategies through which the capacity building needs should be addressed?</p> <p>Does it cover both human resource development (enhancement of individual competencies) and institutional strengthening (re-tooling)?</p> <p>Does it outline strategies through which CB activities will be monitored?</p>	
<b>Capacity building implementation</b>	
<p>Are capacity building activities implemented by the providers recommended by the project?</p> <p><i>N.a.</i></p> <p>Are capacity building activities implemented as per the capacity building plan?</p>	
<b>Monitoring of CB</b>	
<p>Has the locality received reports from the training/CB activities?</p> <p><i>N.a.</i></p> <p>Has the locality followed-up on the capacity building efforts, e.g. through monitoring and evaluation?</p>	

Has the staff and other stakeholders performance improved – are the expected outputs are in place?
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### Project Supervision and Monitoring

<b>Contracts management and technical supervision</b>	
Are all projects implemented with appropriate contracts (agreements)?	
<i>N.a.</i>	
Are all payments made with the required certification (no advances, payments made against outputs)?	
<i>N.a.</i>	
Does the technical staff ensure that the projects are implemented on schedule and following the specifications?	
<i>Yes, see below.</i>	
<b>Monitoring and reporting</b>	
Has the locality developed a clear strategy for monitoring the implementation of projects?	
Does the locality monitor all projects being implemented (monitoring of progress)?	
Is there evidence that the locality conducts technical inspections of projects?	
<i>There is a Service Committee from different technical departments established to undertake monitoring and discuss the implementation of projects.</i>	
Are progress reports arising from the monitoring and technical inspections exercises compiled?	
<i>Not available.</i>	
Is there evidence that the Executive Committee discusses the monitoring and technical inspection reports and makes management decisions?	
What is the percentage of projects implemented against the plan?	
<i>N.a.</i>	

## **Appendix B: People met**

Locality staff:

Executive Director

Head of Personnel

Head of Planning

Financial Controller

Accountant

Internal Auditor

Store Keeper

Clerk

Head of the Service Department

Other:

LIU Manager

IFAD project staff

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

Annual plan 2006

Annual budget 2006 (Chapter 1, 2 and 3)

Internal audit report 2005

Auditor-General's report for 2004 and 2005

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 2004, 2005

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

Asset management register

Petty cash register