

ANNEX 2.1D: Operational Manual for the DDF

MINISTRY OF LOCAL GOVERNMENT, RURAL DEVELOPMENT AND ENVIRONMENT



OPERATIONAL MANUAL FOR THE IMPLEMENTATION AND ADMINISTRATION OF THE DISTRICT DEVELOPMENT FUND

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Table of Contents

List of Abbreviations	iv
1. Introduction	1
1.1 Background.....	1
1.2 The Purpose of this Manual	2
1.3 The Structure of the Manual	2
2. Links Between the FOAT, the DDF and Capacity Building Support	4
3. Oversight and Coordination of the DDF-FOAT System	6
3.1 Overall Framework.....	6
3.1.1 The Steering Committee.....	6
3.1.2 Responsibilities of the Steering Committee	7
4. Overview of FOAT and the Process.....	8
4.1 Objectives	8
4.2 Key Characteristics of the FOAT.....	8
4.2.1 Guiding Principles	8
4.2.2 The Assessment Process.....	10
5. FOAT Management and Administration	12
5.1 Operational Detail of Pre-Assessment Activities.....	12
5.1.1 Procurement of the National Assessment Team	12
5.1.2 Communication to the MMDAs: Timing of the Assessment and Information Requirements.....	12
5.1.3 Orientation on the FOAT	12
5.2 Operational Detail of Actual Assessment Activities.....	13
5.2.1 Step 1 - Implementation of the Assessment.....	13
5.2.2 Step 2 – Identification of Capacity Building Needs	15
5.2.3 Step 3 - Complaint Procedures	15
5.2.4 Step 4 - Reporting	15
5.3 Operational Detail - Post Assessment Activities	16
5.3.1 Examination of Complaints.....	16
5.3.2 Verification of FOAT Report and Consolidation of FOAT Results	16
5.3.3 Overall Rating of Performance Score.....	16
5.3.4 Preparation of Consolidated Annual Assessment Report.....	17
5.3.5 Dissemination.....	17
6. Management of the Capacity Building Component.....	18
6.1 Introduction	18
6.2 Components of the Capacity Building Support.....	18
6.3 Consolidation of Capacity Building Needs	19
6.4 Disbursement of Funds for the Capacity Building Support.....	19
6.5 Management of the Capacity Building Grant	20
6.6 Accreditation of Service Providers	21
6.7 Mechanism for Monitoring and Evaluation of Service Providers' Performance	22
6.7.1 Evaluating Training Effectiveness	22
6.7.2 Developing a Detailed Monitoring and Evaluation Plan	23
6.7.3 <i>Reporting by Trainers</i>	24
7. DDF Financial Management Guidelines	25
7.1 Introduction	25
7.2 Governance and Management of the DDF	25
7.2.1 The Legal and Regulatory Framework for Financial Management and Administration	25
7.2.2 The Development Menu for the DDF expenditures	25
7.3 Roles and Responsibilities of National Institutions.....	26
7.3.1 Ministry of Finance and Economic Planning (MoFEP)	27
7.3.2 Ministry of Local Government, Rural Development and Environment	27
7.3.3 The Local Government Service	27
7.3.4 Controller and Accountant General's Department.....	28

7.3.5	Office of the District Assemblies Common Fund (ODACF)	29
7.3.6	Ghana Audit Service (GAS).....	29
7.3.7	Regional Planning and Coordinating Unit (RPCU)	30
7.4.	Roles and Responsibilities at the District Level	30
7.5	Auditing.....	32
7.5.1	Internal Audit	32
7.5.2	External Audit:	32
7.6	Flow of Funds	32
8.	Reporting, Monitoring and Evaluation.....	36
8.1	Reporting Schedule	36
8.2	Roles and Responsibilities.....	36
8.2.1	Monitoring and Evaluation by National Level Institutions	36
8.2.2	Monitoring by Regional and District Institutions	37
8.2.3	Evaluation.....	38
Annex 1	Consolidated Annual Plan of Operations	i
Annex 2	List of Minimum Conditions	ii
Annex 3	List of Performance Measures (PMs)	iii
Annex 4:	Reporting Formats	xii
Annex 5:	Allocation Under The DDF: Steps, Model and Sample Allocations	xxx
A.5.1	From Assessment to Allocation: Steps in the Process	xxx
A.5.2	The Allocation Model.....	xxxi
A.5.3	Allocations to Sample MMDAs	xxxii
Annex 7:	Outline for the Preparation of MMDA Capacity Building Plan and Budget	xxxiii
Annex 8:	Workshop/Training Course Evaluation Form/Guide	xxxv
Annex 9a:	DDF Allowable Expenditure (Expenditure Report).....	xxxvii
Annex 9b:	DDF ALLOWABLE EXPENDITURE.....	38
Annex 9c:	Notes for Allowable Expenditure	39

List of Abbreviations

AAP (district level)	Annual Action Plan
BoG	Bank of Ghana
CAGD	Controller and Accountant General's Department
CB	Capacity Building
CBG	Capacity Building Grant
CEC	Conditional Entitlement
Component	
CIDA	Canadian International
Development Agency	
CSO	Civil Society Organisation
DACF	District Assemblies' Common Fund
DANIDA	Danish International Development
Assistance	
DBO	District Budget Officer
DCD	District Coordinating
Director	
DCE	District Chief Executive
DDF	District Development
Fund	
DECSEC	Decentralisation Secretariat
DFO	District Finance Officer
DPs	Development Partners
DPCU	District Planning
Coordinating Unit	
DPO	District Planning Officer
DS	Decentralisation
Secretariat (MLGRDE)	
DTO	District Treasury Office
DWAP	District Wide Assistance
Project	
FAA	Financial Administration
Act, 2003 (Act 654)	
FAR	Financial Administration Regulations, 2004 (LI 1802)
FOAT	Functional and Organisational Assessment Tool
GAS	Ghana Audit Service
GPRS	Growth and Poverty
Reduction Strategy	
GoG	Government of Ghana
GSS	Ghana Statistical Service
IAAA	Internal Audit Agency
Act, 658, 2003	
IAS	International Standards
of Auditing	
IAU	Internal Audit Unit
IGF	Internally Generated
Funds	
IGFF	Inter-Governmental
Fiscal Framework	
INTOSAI	International Organisation of Supreme Audit Institutions
KfW	Kreditanstalt für Wiederaufbau (German Development Bank)

LGA	Local Government Act,
1993 (Act 462)	
LGS	Local Government
Service	
LGSA	Local Government
Service Act, 2003 (Act 656)	
LI	Legal Instrument
MCs	Minimum Conditions
MDAs	Ministries, Departments
and Agencies	
MDBS	Multi-Donor Budget
Support	
M&E	Monitoring and
Evaluation	
MLGRDE	Ministry of Local Government, Rural Development and Environment
MMDAs	Metropolitan, Municipal and District Assemblies
MoFEP	Ministry of Finance and Economic
Planning	
MTDP	Medium Term
Development Plan (district level)	
MTEF	Medium Term
Expenditure Framework	
NALAG	National Association of Local Authorities in Ghana
NAT	National Assessment Team
NDPC	National Development Planning Commission
OAG	Office of the Auditor
General	
ODACF	Office of the District Assemblies'
Common Fund	
PBGS	Performance Based
Grant System	
PM	Presiding Member
PMs	Performance Measures
RCC	Regional Coordinating
Council	
RFP	Request for Proposal
RPCU	Regional Planning
Coordinating Unit	
SC	Steering Committee
USD	United States Dollar
WB	World Bank

1. Introduction

1.1 Background

Under the Government's decentralisation and local government reform initiative, the Metropolitan, Municipal and District Assemblies (MMDAs) have been assigned a wide range of responsibilities, including the provision of basic social services and infrastructure. In addition, the MMDAs are responsible for the coordination of local economic development. The MMDAs thus have a critical role in addressing national poverty reduction objectives and, as such, in achieving the Millennium Development Goals.

Although over the years, there has been a gradual increase in the volume of fiscal transfers to local governments, this increase has not always been in line with the growing demand for services. At the same time, the potential for internally generated funds (IGF) as a source to finance service delivery has also not been fully exploited. Finally, the increase in investment flows has not always been met with adequate resources for maintenance. MMDAs are thus faced with a financing gap that hampers their overall performance and the implementation of their development plans in particular. In response, MMDAs have been regularly agitating for an increase in the resources transferred to them.

The performance of the MMDAs is further constrained by numerous administrative, reporting and implementation arrangements associated with "projectised" financial and/or capacity building support from Development Partners. This situation poses increasing concerns about the financial management capacity of MMDAs and the judicious and efficient use of resources at the district level. These concerns have affected the granting of greater budget autonomy to local governments. In this respect, the lack of linkage between performance assessments and additional funding is of special concern to the central government and development partners.

In order to bridge the financing gap and to improve the performance of the MMDAs, the Government introduced a performance based grant (the District Development Funding modality) where access to additional development funds¹ is linked to regular performance assessment under the Functional and Organisational Assessment Tool (FOAT). The government and its key development partners supporting decentralisation have earmarked part of their support for the implementation of the performance based funding to local governments.

Under this system, good performance is rewarded with additional financial resources, while weak performance is responded to by tailor-made capacity building support. The PBGS has three components (performance assessment, funding and capacity building) which are designed as harmonised modalities, fully operating within Government's existing legal, regulatory and policy frameworks. The disbursements to the MMDAs under the District Development Funding modality (DDF) are based on the outcome of an annual assessment (FOAT). The performance of the MMDAs

¹ Preference is given to the term **development** funds over **investment** funds, because the latter tends to be equated with pure capital expenditure or even the buying of investment instruments (e.g., Treasury Bills).

The term **development funds** is used to denote the multi-sectoral nature of the DDF, which distinguishes it from the wide array of conditional, sector specific grants that are currently transferred to the district level. It is, however, important to note that there are no constraints on the use of the DDF to the extent the expenditures are covered under allowable items under the DDF. First and foremost, these constraints are provided by legal and regulatory framework for financial management and administration, including those relating to the preparation of Medium Term and Annual Action Plans. The Development Menu (see Section 7.2.2) which identifies eligible types of expenditure under the DDF provides further constraints.

is measured using a number of performance indicators agreed upon by Government of Ghana (GoG) and Development Partners.

The objectives of the DDF modality based on FOAT are to:

- enhance the role of the MMDAs in achieving the MDGs through the provision of additional investment fund
- introduce a performance incentive structure in the MMDAs system.
- Harmonise implementation modalities and administrative requirements currently associated with projectised capacity building and capital support for MMDAs into one coherent system, fully anchored in GoG's legal and regulatory framework.

1.2 The Purpose of this Manual

The purpose of this Manual is to provide operational guidance for the management, implementation and administration of the FOAT and DDF.

1.3 The Structure of the Manual

The remainder of the Manual is structured as follows:

- Section 2 Links between the FOAT, the DDF and Capacity Building Support**
Outlines the link among the three components of the performance based grant system (PBGs) and gives an overview of each of them.
- Section 3 Oversight and Coordination of the DDF-FOAT System**
Describes the institutional set-up for oversight and coordination of the system and identifies the specific responsibilities of the Steering Committee and the Decentralisation Secretariat.
- Section 4 Overview of the FOAT and the Process**
This section presents an overview of the assessment process and explains the role of Minimum Conditions and Performance Measures in the system.
- Section 5 FOAT Management and Administration**
Describes in detail the range of activities involved in the FOAT process at the national and district levels. It also outlines the roles and responsibilities of the various actors involved with the assessment.
- Section 6 Management and Administration of the DDF**
Stipulates the management and administration of the DDF at both the national and MMDA level. Since the DDF is managed and administered fully within the existing legal and regulatory framework for public financial management, this section mainly provides a summary of relevant established procedures.
- Section 7 Management of the Capacity Building Component**
Provides the framework for the management and administration of the capacity building component.
- Section 8 Monitoring and Evaluation**
Describes the roles and responsibilities in this important area for national, regional and district level institutions connected with the system.

In addition to the main text, the Manual also includes the following Annexes:

- | | |
|-----------------|--|
| Annex 1 | Consolidated Annual Plan of Operations for the FOAT
Displays all activities by all responsible actors against the calendar of the Fiscal Year. |
| Annex 2 | List of Minimum Conditions
Lists the Minimum Conditions that need to be met by MMDAs in order to access the conditional entitlement component of the development grant. |
| Annex 3 | List of Performance Measures
Lists the indicators that are used to measure the performance of the MMDAs in a given year. |
| Annex 4 | Reporting Formats
Presents all reporting formats that are required for the proper administration of the annual assessment process. |
| Annex 5 | Allocation under the FOAT and DDF
Includes an overview of the main steps in the system (“from assessment to allocation”), the construction of the model and a simulated allocation to a sample of MMDAs. |
| Annex 6 | Capacity Building Plan and Budget Format
Is a format to guide MMDAs to prepare their annual capacity building plan and budget. |
| Annex 7: | Workshop/Training Course Evaluation Form/Guide
Presents a questionnaire for the evaluation of training activities and sessions. |
| Annex 8: | DDF Allowable Expenditure Reporting Format
Three formats have been provided giving an indication of what DDF can be spent on. The formats follow the MTEF reporting requirements. |

2. Links Between the FOAT, the DDF and Capacity Building Support

The FOAT is part of the performance based grant system (PBGS) that has been developed to provide well-coordinated institutional and financial support to the MMDAs. The system comprises three interlinked components:

1. Performance Assessment (FOAT)
2. Funding (DDF)
3. Capacity Building

In this system, the performance assessment has a dual function - it informs the annual allocation under the DDF as well as identifies capacity building needs for individual MMDAs. The MMDAs are assessed in the following broad areas:

1. Management and Organisation
2. Human Resource Development
3. Planning and Budgeting
4. Financial Management and Administration, Accounting and Auditing.

Because the assessment takes place using a common set of indicators, it generates a systematic body of data that allows for a comparison of performance among the MMDAs. The availability of this type of data will also provide an opportunity to strengthen the policy dialogue on decentralisation and local government reform by giving it a more factual basis.

The focus and thematic coverage of the FOAT will evolve in line with developments in the ongoing process of decentralisation and the performance leverage of the PBGS. In line with the process of functional integration and the pending fiscal reforms, it is expected that the FOAT will get a more specific service delivery focus with time.

In order to respond adequately to capacity gaps at the MMDA level, MLGRDE has developed training modules for areas covered by the FOAT. Each module comes with a more detailed menu of training options so as to accommodate district specific needs. The actual training will be supplied by service providers certified by the Local Government Service (LGS).

The incentives approach is reflected in the structure of the grant, which has three components:

1. A conditional entitlement component (*50% of the overall pool*);
2. A performance component (*40% of the overall pool*);
3. A capacity building component (*10% of the overall pool*).

The **conditional entitlement component** (CEC) is allocated on the basis of a simple formula, comprising an equal share factor, a population factor and a land area factor (the size of the MMDA territory). The weighting of the factors is as follows:

- Equal share: 10%
- Population: 80%
- Land area: 10%

The CEC is shared among only districts which meet **all the minimum conditions**. The basis for the sharing is as follows:

Equal Share (10%): shared equally among the number of districts passing in any particular year.

Population (80%): shared based on the proportion of the district's population to the total population of the districts that fulfilled all the minimum conditions.

Land Area: shared based on the proportion of the district's land area to the total land area of districts that fulfilled all the minimum conditions.

The **performance component** is allocated as an addition to the entitlement component for the district that fulfilled all the minimum conditions. The amount allocated is based on the score range as follows:

Score Rating	Allocation Rating
Weak Performance	-50% of per capita
Below Average Performance	-35% of per capita
Average performance	Per capita
Above Average Performance	+35% of per capita
Very Good Performance	+50% of per capita

The per capita is obtained by dividing the performance allocation (40% of the pool) to be shared, by the total population of districts that passed all the minimum conditions. District performance allocation is obtained by multiplying the district population by the allocation rating. For example if the total population of all districts that fulfilled all the MCs is 840,000 with a performance component of DDF also being \$1,140,000, then the per capita will be \$1.36. Assuming the population of district A is 70,000 with a performance rating as *Weak*, district A's allocation rating will be \$0.68 (minus 50% of per capita-\$1.36) therefore its performance allocation will be \$47,500 (70,000 multiplied \$0.68).

The **capacity building component** will be used to finance capacity building support as well as the cost of the performance assessment itself. MMDAs will thus be given the opportunity to address institutional weaknesses, logistics needs and skills inadequacies in their operations in a regularised and well-coordinated manner.

Ten percent (10%) of the annual overall resource pool will be ring fenced to finance the annual assessment and the capacity building support under the system. Details of the capacity building component are provided in Section 6 of this Operational Manual.

A crucial feature of the FOAT is the difference between **Minimum Conditions (MCs)** and **Performance Measures (PMs)**. The MCs constitute the basic prerequisites that must be fulfilled by MMDAs in order to receive the conditional entitlement component of the DDF. Any MMDA that fails to meet any of the MCs will not receive any investment (development) funds or the conditional entitlement and the performance allocations for the year the assessment results are to be used for disbursements, but will receive capacity building support. Scores on the PMs determine whether an MMDA will receive in addition to the conditional entitlement, *a deduction or a top-up on an average performance allocation*, when an MMDA has fulfilled the MCs. It is important to note that the actual allocations made under the DDF are dependent on the size of the overall pool.

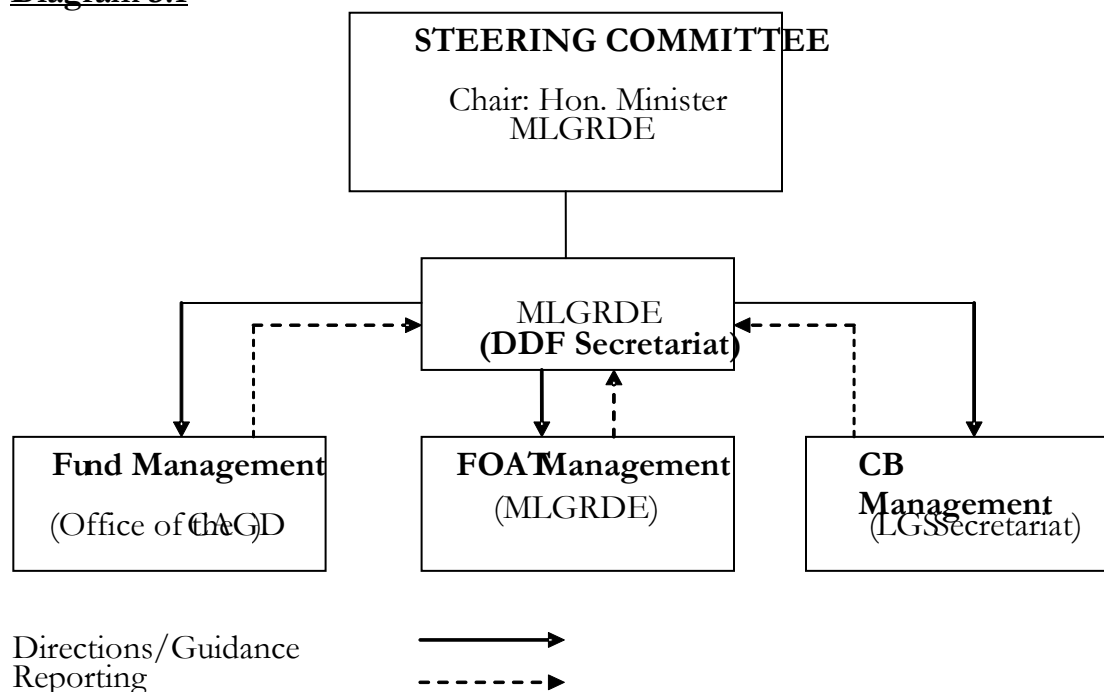
The management of the system is anchored in well-worked out institutional arrangements at the national level (*discussed in more detail in Section 3*).

3. Oversight and Coordination of the DDF-FOAT System

3.1 Overall Framework

The overall framework for the management of the FOAT and DDF is depicted in the diagram below:

Diagram 3.1



3.1.1 The Steering Committee

The Steering Committee (SC) will comprise representatives of relevant ministries, departments and agencies. The Minister of Local Government, Rural Development and Environment (MLGRDE) will chair the Committee. The membership of the Steering Committee will be as follows:

1. Minister – MLGRDE as chairperson
2. Representative of MLGRDE
3. Representative of Ministry of Finance and Economic Planning
4. Representative of the Controller and Accountant General's Departments
5. Representative of National Development Planning Commission
6. Head of the Local Government Service
7. The Administrator of the District Assemblies' Common Fund (DACF)
8. Representative of National Association of Local Authorities in Ghana
9. Representatives of DPs supporting party to the co-financing agreement on DDF (observer capacity only)
10. Representative of Civil Society

3.1.2 Responsibilities of the Steering Committee

The responsibility of the SC will be to:

- Provide overall policy guidance and directives for the implementation of the FOAT and DDF;
- Review the merits of MMDAs complaints on the assessment and the remedial action taken by the DDF Secretariat;
- Based on DDF allocations, approve DDF transfer request to MoFEP;
- Consider remedial actions in case of weaknesses of the system (this includes endorsement of adjustments to the FOAT indicators & DDF allocation formula);
- Review reports and financial information of the relevant institutions – CAGD, ODACF, the DDF Secretariat and LGS;
- Approve FOAT results and DDF allocations and ensure their publication;
- Endorse Work Plan and budgets for the management and implementation of the FOAT and DDF; and
- Undertake mid-year review of the implementation process of the DDF.

The SC will have two regular meetings per year, which will take place in February and August. The Steering Committee will establish rules of business that will govern its operations and these will be subjected to periodical review.

The DDF Secretariat of MLGRDE will provide support to facilitate the work of the SC. The DDF Secretariat's support will include:

- Provide administrative support to the operations of the SC, including organisation of meetings and document proceeding of meetings among others;
- Communicate decisions of the SC to the relevant institutions for action;
- Verification of FOAT reports submitted by consultants;
- Consolidation of the FOAT results and determination of allocation in collaboration with ODACF
- Coordinate activities of the involved institutions and ensure that they discharge their responsibilities in accordance with the time-table and decisions agreed by the SC;
- Gather and manage information, including the collation of all relevant reports from Controller and Accountant-General's Department (CADG), the DACF Administrator, the LGS and other relevant institutions;
- Preparation of yearly consolidated report for the DDF-FOAT;
- Preparation of quarterly and annual progress report for the DDF;
- Any other function that will be delegated to it by the SC.

The Secretariat will facilitate the public procurement process for the FOAT exercise. Overall responsibility for the execution of DDF related activities will rest with the Coordinator of the Decentralisation Secretariat.

A consolidated Annual Plan of Operations, capturing the activities of all actors is provided in Annex 1.

4. Overview of FOAT and the Process

4.1 Objectives

The objectives of the FOAT and the assessment process are to:

- Verify the compliance of MMDAs with existing provisions in laws, regulations and national binding guidelines;
- Inform the DDF allocation to a specific MMDA;
- Identify the capacity building needs of MMDAs through identification of the major functional and organisational gaps;
- Harmonise the current disjointed approaches to performance assessment.

4.2 Key Characteristics of the FOAT

4.2.1 Guiding Principles

The following principles apply to the FOAT and the Assessment Process:

- The MMDAs are strictly assessed against their legal obligations and issues that fall within their direct span of control;² Consequently, all indicators are anchored in existing legal, regulatory and policy frameworks;
- The indicators acknowledge the specific legal, political/administrative and fiscal environment in which MMDAs operate;³
- The indicators capture both the administrators and the elected representatives in the MMDA structure;
- In order to minimise discretion in the assessment process, the indicators are objectively verifiable and simple to assess;
- The assessment process facilitates a clear translation of identified capacity building needs into corresponding institutional strengthening requirements;
- The assessment process ensures that capacity building is fully integrated into the budgeting cycle of the MMDAs.

A final tenet of the FOAT is the aforementioned distinction between **MCs** and **PMs**. In the actual assessment of the MCs and the PMs, the broad thematic areas have been broken down further into sub-themes.

The **MCs** have been classified under the following five sub-themes:

1. Development Planning
2. Financial Management and Accounting
3. Public Procurement
4. Implementation Capacity
5. Functioning of the Assembly

² As confirmed by international experiences with similar tools, this is a fundamental prerequisite for the credibility of the assessment process and the performance based funding system as a whole.

³ Methodologically this is important, because a number of well-documented constraints at the MMDA level fall within the scope of responsibility of the central government.

The MCs to be fulfilled are as follows:

Primary

1. Functional DPCU
2. Annual Action Plan formulated
3. Annual Statement of Accounts prepared
4. No adverse audit comments bordering on dishonesty
5. Procurement plan prepared
6. Minimum number of Assembly meetings held
7. Progress reports on projects

Details of the MCs in terms of the associated requirements are outlined in Section 5.2.1 and Annex 2.

The **PMs** which constitute the second segment of the FOAT have:

- detailed indicators to measure performance;
- sources of information;
- basis of assessment; and
- a scoring system for each indicator ranging from zero (0) to three (3). The scoring system limits the degree of subjectivity since assessment teams are required to give exact scores for each indicator with requirements justification.

The PMs are also classified under eight sub-themes as follows:

1. Management and Organisation
2. Transparency, Openness and Accountability
3. Planning System
4. Human Resource Management
5. Relationship with sub-district structures
6. Financial Management and Auditing
7. Fiscal Capacity
8. Procurement

A summary of the thematic areas and the maximum scores that can be obtained is presented in Table 1.

Table 1: Summary of Scores for each Thematic Area

Performance Measures	Maximum Score
Management and organisation	15
Transparency, openness and accountability	10
Planning system	16
Human resource management	10

Relationship with sub-district structures	9
Financial management and Auditing	20
Fiscal capacity	10
Procurement	10
Total	100

4.2.2 The Assessment Process

The FOAT exercise will be managed by the DDF Secretariat of MLGRDE. This management role will involve coordinating and ensuring the integrity of the execution of the activities of the FOAT Assessment. The actual assessment of the MMDAs will be undertaken by the private sector contracted through a competitive bidding process⁴.

There are three main activity blocks in the annual plan of operations for the assessment namely:

1. Pre-assessment activities
2. The actual assessment
3. Post-assessment activities

Key activities that will be executed under each of the above headings are outlined below:

The Pre-assessment activities are as follows:

- Management and coordination of the procurement process. The steps and timing of the procurement process is dictated by the requirements of the Public Procurement Act, 2003 (Act 663). Standard Government Request for Proposal formats are available. This requires about 6 months duration to complete but new contracts will need to be awarded by February of any particular year.
- Letter to MMDAs informing them about the timing of the assessment, the specific documents that need to be available when the National Assessment Team (NAT) arrives as well as an overview of the Minimum Conditions and Performance Measures (*February*);
- Consultative meeting between the MLGRDE and the NAT to discuss and respond to any operational bottlenecks and/or FOAT design issues identified during the last round of implementation (*March*);
- Provision of the necessary logistics to the NAT (*March*).

The actual assessment activities include:

- NAT undertaking assessment in MMDAs assigned to them.
- MLGRDE monitoring of compliance of the NAT to the assessment requirements through spot checks on each of the teams. A representative of the MLGRDE undertaking monitoring of the assessment will not interfere with the work of the NAT. However, the monitor may have meetings with the assessment team to discuss the progress of work and the emerging challenges. Relevant observations made will be collated by the monitors of the DDF Secretariat as part of the composite report on the assessment.

The activities for Post-assessment are:

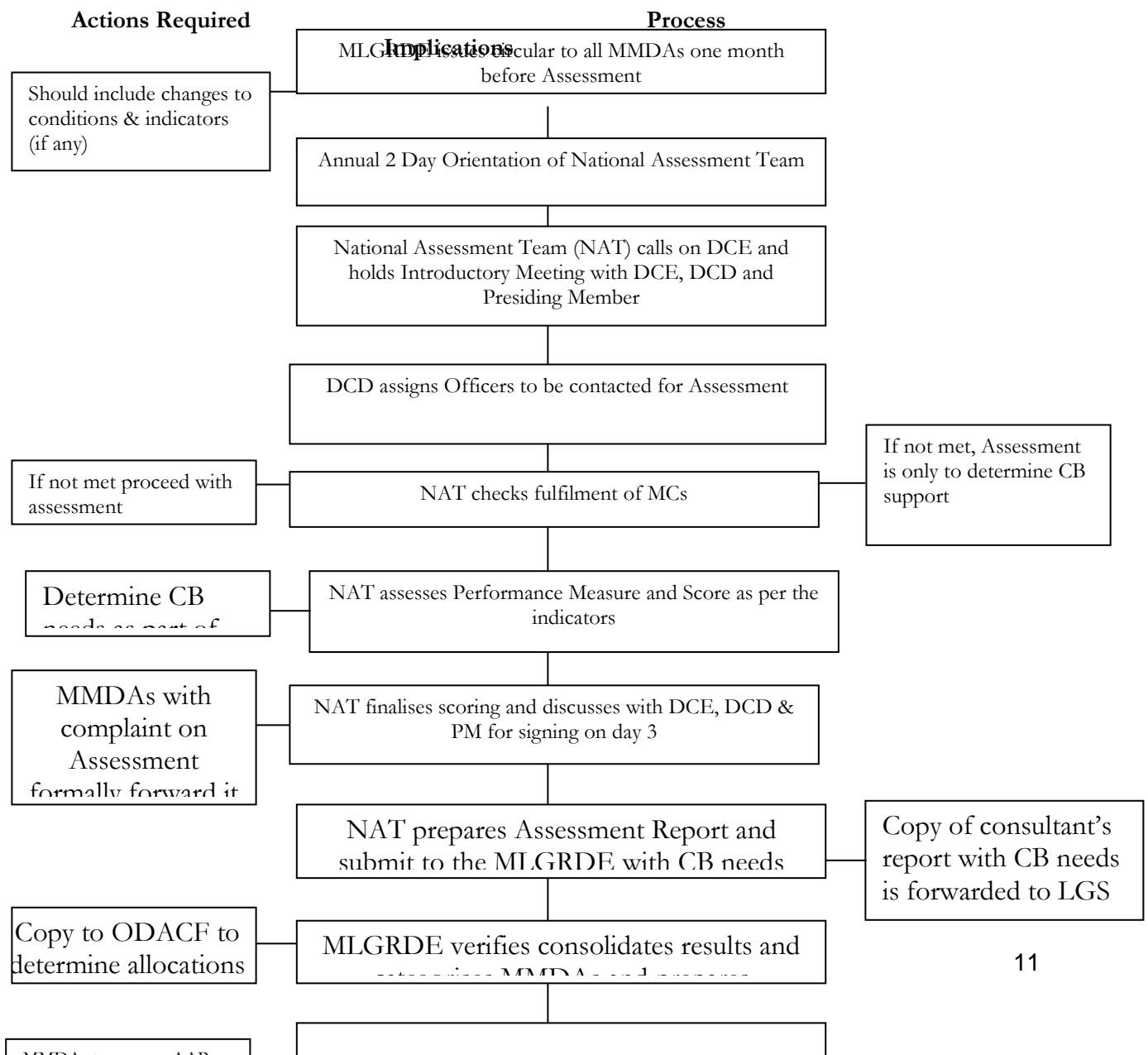
- Processing of complaints from MMDAs by the MLGRDE (*June*);
- Verification of the assessment reports submitted by consultants (*July*)
- Consolidation of FOAT results (*July*)

⁴ Procurement will be done within the framework of the Public Procurement Act 2003 (Act 663)

- Calculation of DDF allocations per MMDA (*July*);
- Consolidation of capacity building needs by LGS (*July*);
- Determination of capacity building allocations by DDF in collaboration with the ODACF(*July*);
- Preparation of Consolidated Assessment Report (*July*);
- Submission of the consolidated Annual Assessment Report including allocations to the Steering Committee (*July*);
- CAGD, LGS and MLGRDE will prepare the coming year's Work Plan and Budget for submission to the Steering Committee (*July*);
- Annual Steering Committee meeting (*August*);
- Dissemination to the MMDAs, the endorsed FOAT results and the corresponding DDF allocations (*August*);
- Public dissemination of the FOAT results and corresponding DDF allocations (*September*).
- Transfer of DDF allocations to MMDAs (*January*)

Details on the activities in the assessment process are provided in Sections 5.1.2 to 5.3.5. A diagrammatic overview of the key activities of the assessment process is outlined below:

4.1 Diagrammatic Overview of the Assessment Process



5. FOAT Management and Administration

This section of the Operational Manual discusses the operational detail of the key activity blocks of the FOAT process namely - Pre-Assessment, Actual Assessment and Post Assessment stages.

5.1 Operational Detail of Pre-Assessment Activities

5.1.1 Procurement of the National Assessment Team

As earlier mentioned, the MLGRDE will manage the implementation of the FOAT through the DDF. The Secretariat will facilitate the procurement of the National Assessment Team from the private sector within the framework of the Public Procurement Act, 2003 (Act 663). To allow early completion and effective management of the assessment, the country is divided into a manageable number of zones. This may be revised over time as efforts are made to improve upon the assessment.

It is envisaged that each of the firms will be contracted for a one year period, subject yearly re-tendering or renewal. The Steering Committee reserves the right to exclude non-performing firms from the re-tendering or renewal processes.

The National Assessment Team (NAT) to be assigned to each MMDA will consist of four (4) persons including one designated Team Leader. Each of the assessment teams should represent expertise in the thematic areas outlined below:

1. Management and Organisation
2. Human Resource Development
3. Planning and Budgeting
4. Financial Management and Administration, Accounting and Auditing.

The selection and composition of the individual assessment teams must ensure that team members are impartial and independent. Besides each team of four persons having a Team Leader, each of the contracted firms is expected to have an overall Team Leader.

5.1.2 Communication to the MMDAs: Timing of the Assessment and Information Requirements

To allow MMDAs adequate time to prepare for the assessment every year, MLGRDE will communicate in a circular, the FOAT timing and requirements a month before the NAT starts the assessment.

As per the letter issued by the MLGRDE, MMDAs will be required to have a range of documents ready by the time the Assessment Team arrives at their Assemblies. The list of documents is provided in Annex 4A. MMDAs will also be provided with an overview of the MCs and the PMs. This is to give them the opportunity to properly prepare for the assessment.

5.1.3 Orientation on the FOAT

a. Orientation of MMDAs

MMDAs will be oriented on the FOAT requirements yearly especially in situations where there are changes in the indicators and other dimensions of the Tool.

b. Orientation of the National Assessment Team

Prior to the commencement of an annual assessment, MLGRDE will facilitate a two-day orientation session for teams constituted by the contracted firms for the assessment. The logistics' arrangements for the NAT will be outlined during the 2 day session. Subsequent to this orientation, the respective

firms are to hold an in-house session for all team members. The purpose of this orientation is to afford the opportunity for detailed discussions on the indicators and the assessment processes including modalities for reporting, the role of the team leaders and members among others.

At the two-day Orientation Session, the NAT will be informed of relevant legislations and official documents that constitute the basis for the application of the indicators. The documents required for the assessment include the following:

- Financial Memoranda issued by the MLGRDE (Gazette Number 35, 2004);
- Local Government Act, 1993, Act 462;
- National Development Planning Commission Guidelines for the preparation of Medium Term Development Plan;
- Public Procurement Act, 2003, Act 663;
- Procurement of Works, Small Contracts (Small Value, Short Duration and Low Risk), Public Procurement Board - October 2003;
- Financial Administration Regulation, 2004 (LI 1802);
- Financial Administration Act, 2003, Act 654;
- Internal Audit Agency Act, 2003, Act 658;
- Audit Service Act, 2000, Act 584;
- Public Records Archives and Administration Department (PRAAD) Guidelines on filing and documentation;
- The Local Government (Urban, Zonal, Area, Town Councils and Unit Committees); Establishment Instrument, 1994 (LI 1589/LI1615);
- Office of the Head of Civil Service Guidelines on filing of vacancies, staff performance assessment and staff development.
- Guidelines for Operationalisation of the District and Regional Planning Coordinating Units, November 2003.
- NDPC Guidelines for the Preparation of District Monitoring and Evaluation Plans under the GPRS II, (2006-2009), October 2006

The assessment team will make reference to the relevant sections of the documents for clarity and objectivity in the assessment process. Provision has been made in Annexes 2 and 3 as to where in the legal, regulatory or policy documents the MC and PM indicators can be found.

5.2 Operational Detail of Actual Assessment Activities

The assessment should be conducted between April and May. As a general rule, MMDAs must fully cooperate with the NAT. Failure to do so will result in disqualification. The execution of the assessment entails the following four (4) steps:

- Step 1: Implementation of the Assessment
- Step 2: Identification of capacity building needs
- Step 3: Complaint Procedures
- Step 4: Reporting

5.2.1 Step 1 - Implementation of the Assessment

Introductory Session with MMDAs

There will be an introductory meeting between the Assessment Team and key district officials including at least the District Chief Executive (DCE), the District Coordinating Director (DCD) and Presiding Member (PM). The purpose of the meeting is to set the agenda and agree on time schedules for the assessment. As a follow up to this introductory session, the DCD is required to facilitate subsequent meetings and the provide the required documentation. Refer to Annex 2, 3 and 4A for details on the information required.

MMDAs that provide false information or refuse to provide the required information will be disqualified from the assessment for the year and treated as if they had failed to meet the Minimum Conditions.

It is of key importance that the assessment is undertaken in an interactive and friendly atmosphere. The exercise should NOT take the form of an inquisition.

Assessment of Minimum Conditions:

The NAT will first administer the questionnaire on the Minimum Conditions. Where an MMDA does not meet any of the Conditions, the Team will have to explain the circumstances to DCE, DCD and PM but continue with the assessment to determine the capacity building needs in full. *Annex 2 and 4B provides a comprehensive list of the MCs.*

Fulfilling the MCs will qualify an MMDA to have access to the Conditional Entitlement Component of the Development Grant.

Assessment of Performance Measures

The scoring on the PMs determines the upward or downward adjustment to the average performance allocation under the DDF. However, if an MMDA is disqualified from receiving the conditional entitlement component of the Fund then automatically the MMDA will also not receive any performance allocation. Details of the performance indicators have been provided in Annex 3.

The NAT is expected to go through the indicators for the PMs with the respective officers as the DCD will direct and score appropriately according to the scheme. Under no circumstance is an NAT member expected to use discretion for the scoring apart from what has been outlined by the scheme for the PMs in Annex 3 and Annex 4C. The team is to transfer the total score on each thematic area to the form provided in Annex 4D.

Team work

At the end of each working day, the Team Leader has to call for an internal wrap-up meeting with his/her team to reconcile the various pieces of information received from different sources and consolidate the findings on each of the specific indicators (MCs and PMs). The meeting will also outline missing information and data to be collected the subsequent day(s).

Duration of Assessment

Each team is expected to spend 3 days in each MMDA conducting interviews and reviewing documentation. The MLGRDE may allocate more or less time for the different types of MMDAs.

Technical Notes

1. *With regard to the link between Annual Action Plans and Budgets, MMDAs will not be held responsible for budget re-appropriations that have been imposed by the central government.*
2. *On the collection cost of Internally Generated Funds (IGF), the NAT should observe the following and sum up to arrive at the cost of revenue collection:*
 - *Salaries of revenue staff on central government payroll.*
 - *Commission received by revenue collectors*

3. *One of the MC relates to the absence of adverse comments bordering on dishonesty in the Audit Report. At the moment, the Ghana Audit Service (GAS) is confronted with a backlog. However, the GAS has prepared Draft Audit Reports and Management Letters which are to be used by the team to assess the relevant MC on audit.*

5.2.2 Step 2 – Identification of Capacity Building Needs

Derivation of capacity building needs of the MMDAs is a key element of the FOAT exercise. As part of the assessment of the MCs and PMs, the NAT will assist the MMDAs to determine their capacity building needs. The NAT will facilitate the derivation of CB needs through the following:

- Identify logistics, skills and organisational gaps based on the FOAT. The NAT is expected to ask further questions to establish the specific CB needs.
- When the CB needs of an indicator have been identified, the NAT member is expected to record them against the indicator in question in the Response Column provided in Annex 4C.
- This process is to be followed by all NAT members working on separate thematic areas.
- On the third day of the assessment in an MMDA, the NAT will document all the capacity needs in the format provided in Annex 4E for debriefing and prioritisation by the MMDA leadership.

Subsequent to the annual FOAT exercise, each MMDA will ensure that the demand driven capacity building needs forms an integral part of the Annual Action Plan for implementation the following year when the allocations are communicated to them by MLGRDE. This process implies that demand driven capacity building needs identified by the assessment of any particular year will be planned for implementation in the following year. The process for preparing the capacity building plan is elaborated in Section 6 of this manual.

5.2.3 Step 3 - Complaint Procedures

If an MMDA does not agree with the outcome of the assessment on the basis of factual inaccuracies or any other omissions in the process, a complaint should be submitted to the Coordinator, DDF Secretariat (MLGRDE) not later than two weeks after the assessment in an MMDA.

When submitting the complaint, the MMDA must enclose any relevant documentation in support of the issues in question. The evidence submitted will be examined and the necessary action taken by the DDF Secretariat within one month after receipt of the complaint. See Annex 4F for the complaint form.

5.2.4 Step 4 - Reporting

At the end of assessment in each MMDA, the NAT will meet the MMDA top management to present the findings and the summary of scores. Following the presentation any inaccuracies will be addressed and the Assessment Report Form (Annex 4G) signed by the DCE, the DCD, and the NAT members. In case of a disagreement on the outcome of the assessment, the Assessment Report will still have to be signed by the DCE, DCD and the team members. However, the Assessment Report will include an explicit reference to the nature and substance of the disagreement using Annex 4E.

The Overall Team Leader (lead consultant) should prepare and submit a report on each of the assigned MMDAs to the DDF Secretariat (MLGRDE) using the format provided in Annex H which include the list of persons met using the format in Annex I. The report must be submitted three weeks after the completion of fieldwork for the assessment by the consultant.

5.3 Operational Detail - Post Assessment Activities

5.3.1 Examination of Complaints

The examination of the complaint will lead to one of the following results:

1. correction of errors;
2. re-assessment in case of laxity by the assessment team;
3. rejection of the complaint.

The DDF Secretariat will prepare a full report of all complaints and the outcome thereof for the consideration of the Steering Committee.

5.3.2 Verification of FOAT Report and Consolidation of FOAT Results

THE DDF Secretariat upon the receipt of the FOAT reports from the consultants will verify the accuracy and consistency of the responses to the indicators.

Following the verification and subsequent submission of the final reports by the consultants, the results and capacity building needs of the MMDAs will be consolidated by the DDF Secretariat.

5.3.3 Overall Rating of Performance Score

The DDF Secretariat subsequent to the consolidation of the results will identify all MMDAs that have fulfilled all the MCs. The outcome of the scores will be used to rank the MMDAs in five clusters:

1. Weak Performance
2. Above Average Performance
3. Average Performers
4. Above Average Performance
5. Very Good Performance

To infuse a strong sense of competition in the local government system, ranking the MMDAs is done by looking at how well they have performed **relative to each other**. The steps in the ranking are as follow:

- Collation and consolidation the FOAT results;
- Identification of the highest and lowest scores and determination of the difference;
- Division of the difference by 5 to give the range per cluster;
- Clustering the MMDAs accordingly.

As an example, assume the highest score is 80 and the lowest score is 30. The difference is thus 50. Dividing by 5 gives 10, gives the range for each cluster as shown:

<i>Very Good Performance:</i>	<i>all scores between 71- 80</i>
<i>Above Average Performance:</i>	<i>all scores between 61- 70</i>
<i>Average Performance:</i>	<i>all scores between 51- 60</i>
<i>Below Poor Performance:</i>	<i>all scores between 41- 50</i>
<i>Weak Performance:</i>	<i>all scores between 30-40.</i>

The final step is to translate the clusters into corresponding allocations under the DDF. The allocation model provided in Annex 5 illustrates how each cluster gets translated into DDF allocations to individual MMDAs, assuming an average allocation of USD 1.25 per capita (or a total pool of USD 30 million⁵).

⁵ Reflecting ongoing co-financing discussions between Government and Development Partners.

The DDF Secretariat in collaboration with the ODACF will determine the development allocations based on the allocation formula. In addition, the LGS will analyse the demand-driven and mandatory capacity building requirements and work together with the DDF Secretariat to determine the allocation for CB per MMDA. Details of the allocation of the capacity building needs are provided in Session 6 of this manual.

5.3.4 Preparation of Consolidated Annual Assessment Report

The DDF Secretariat will prepare a FOAT Consolidated Report based on the consolidated results and the reports received from the consultants. The Consolidated Reports will be submitted, together with the individual Assessment Reports of all MMDAs prepared by the consultancy firms for final approval by the Steering Committee.

5.3.5 Dissemination

Each of the assessed MMDAs will receive a copy of their Assembly's specific report, and table it before the General Assembly for discussion. To ensure full transparency and accountability in the system, a wide-public dissemination of the FOAT results and the corresponding DDF allocations is critical. The public dissemination will be done through publication of the results and allocations in the print media after these have been endorsed by the Steering Committee.

6. Management of the Capacity Building Component

6.1 Introduction

The capacity building component is aimed at supporting a systematic and coordinated approach to addressing capacity building needs of the MMDAs to enable them to fulfil their mandate. It seeks to sanitise the current uncoordinated and project-driven inputs⁶ to the MMDAs by ensuring:

- tailor made and need based support that has a direct link between the annual FOAT exercise and capacity building;
- that local governments on a continuous basis identify and prioritise their capacity building requirements;
- a harmonised approach to capacity building nationwide for efficiency and economies of scale for mandatory and demand driven CB needs.

Overall the CB support under the DDF involves a process of improving the capability of the MMDAs to effectively and efficiently deliver their service and governance mandates. Since improving performance of local government operatives cannot be wholly met with capacity building efforts under the DDF, it is envisaged that other government initiatives to address issues of motivation and leadership among others will be promoted. Capacity building although has different meanings and coverage, under the DDF modality it is restricted to the provision of training and logistics as well as support to address organisational gaps.

Provision of **training support** will be limited to *skills development* for local government actors. Skills development support is responded to with training manuals developed by MLGRDE in line with requirements of the FOAT minimum conditions and performance measures.

The organisational strengthening aspect of the CB support will focus on developing the right organisational systems for the effective operation of MMDAs. These will include among others, strengthening of the operational relationships between the Assembly and its sub-structures, data gathering and management systems, revenue generations and mobilisation systems among others.

Logistics support will cover office equipment justified by the outcome of the annual assessment. Logistics exclude stationery items such as paper, files etc;

The above areas of CB are grouped into two broad areas - mandatory and demand driven support.

6.2 Components of the Capacity Building Support

As discussed in Section 2, the Capacity Building Grant (CBG) will annually constitute 10% of the DDF pool. The CBG will be split into 40% and 60% mandatory and demand driven capacity building support respectively.

The **40% mandatory proportion** to be managed by the LGS and the DDF Secretariat will be used to fund the following:

- annual FOAT assessment;

⁶ For a detailed overview of the current situation in the field of local government capacity building, see: Comparative Assessment of Local Government Capacity Building Initiatives and Institutional Service Providers (1999-2004), MLGRDE / Decentralisation Secretariat, September 2004

- Annual two day orientation sessions of the National Assessment Teams;
- Orientation of the Service Providers on the training manuals developed for the thematic areas of the FOAT. This will include review meetings between the LGS and the Service Providers delivering service contracts to the MMDAs; and
- Delivery of **mandatory capacity building needs** identified by the LGS and generic trainings emanating from the FOAT exercise. The mandatory support will be targeted at training identified by the Local Government Service (LGS) for delivery to all MMDAs based on the outcome of the FOAT or reviewed and new instruments with relevance for local governments among others. **It is envisaged that over time the role of the LGS in managing mandatory capacity building needs on behalf of the MMDAs will be drastically reduced.**

The **demand-driven proportion of 60% of the CBG** will cover specific training, logistics and organisational strengthening needs confirmed by the FOAT exercise. An equal sharing arrangement for the CB funds will be applied in the first few years of the implementation of the system.

6.3 Consolidation of Capacity Building Needs

The process for the identification of capacity needs of MMDAs has been elaborated under Step 2 of the assessment process in Section 5.2.2. Upon submission of FOAT reports by the consultants and subsequent verification by the DDF Secretariat, the LGS will consolidate and harmonise the capacity building needs of all the MMDAs.

The harmonisation of the CB needs should be guided by the eligible target groups for the support. Intended beneficiaries include staff of the District Administration, Decentralised Departments, Sub-districts and Revenue Collectors. In addition, the elected and appointed politicians of the Assembly will be also covered by training programmes.

The range of skills development and organisational strengthening needs for all MMDAs is to be tabulated according to the following thematic areas:

1. Management and Organisation
2. Human Resource Development
3. Planning and Budgeting
4. Financial Management and Administration, Accounting and Auditing.

Determination of Mandatory Capacity Building Needs by LGS: Following the collation and tabulation of the capacity building needs, the LGS will extract the needs to be delivered from the national level.

The rest of the needs will fall into the demand driven capacity building needs to be addressed from MMDA sources.

6.4 Disbursement of Funds for the Capacity Building Support

The DDF Secretariat will receive funds annually for the implementation of the FOAT from the 40% CB allocations. The rest of the 40% will be available for delivery of mandatory CB need by the LGS.

The procedure for the release of the CBG will follow Generally Accepted Accounting Practices. Upon the approval of the DDF allocation by the SC, MLGRDE will direct the CAGD to transfer the investment as well as the **Demand Driven Capacity Building allocations** into sub-consolidated fund of the respective MMDAs. **For Mandatory Training Requirements**, MLGRDE will direct the CAGD to transfer such funds into the DDF account of the LGS and the DDF Secretariat.

6.5 Management of the Capacity Building Grant

The CBG will be managed at two levels – national and district.

At the **national level**, the LGS will be responsible for the overall coordination and management of the CBG. In addition, the LGS will manage and organise the mandatory training needs. Management of the mandatory capacity delivery will involve the following:

- a. Preparation of work plan and budget for mandatory CB (training session/workshop);
- b. Procurement of service delivery institutions/firms;
- c. Orientation of Service Providers;
- d. Review of training manuals;
- e. Selection of the appropriate target groups for each of the training sessions to be organised;
- f. Determination of unit cost for the delivery of the modules;
- g. Organisation, coordination and evaluation of training sessions/workshop;
- h. Preparation of quarterly progress reports including training and trainer evaluation;
- i. Preparation of CBG utilisation report for submission to CAGD.

At the **district level**, the LGS will inform the MMDAs of the CB needs to be provided from the national level. This will enable the MMDAs to plan for the rest of the CB needs based on the direct allocation made to them. The MMDAs will then develop detailed capacity building activities for inclusion in their Annual Plans and Budgets (see Annex 6 for the format). Subsequently, the DDF allocations released annually will be for both the Development Grant (conditional entitlement plus performance) and CBG.

The LGS will annually prepare costing guidelines for MMDAs reflecting cost per training modules for training to be delivered at the regional and MMDAs levels.

The MMDAs will address their demand driven capacity building need (skills development, logistics and organisational issues) by going through the procurement process. MMDAs, in selecting a service provider will consider their experience, proximity and accessibility as well as cost of service delivery. MMDAs in a region may collaborate to procure Service Providers for efficiency and economies of scale consideration. Information on districts with similar CB needs can be obtained from the LGS web-site. The regions will play a facilitating role to guide the MMDAs for sessions to be held at the regional level.

As part of the implementation of the Annual Action Plans and Budgets, MMDAs will report on the implementation of CB activities as part of their quarterly reporting to the NDPC, MLGRDE and LGS. In addition, the MMDAs will report on the CBG utilisation report to the CAGD with copy to the ODACF.

The Role of the Region in facilitating capacity building plan preparation and training delivery: Before the MMDAs prepare their capacity building plans and budgets:

- a regional meeting of the DCDs, Planning Officers and the District Human Resource Officers, the Regional Coordinating Director and Regional Human Resource Officer will be held. This meeting is to agree in each region which training sessions are to be implemented at the regional and district levels and who will facilitate procurement of service providers for the regional training sessions.
- the choice of whether a training session should be held at the regional or district level should be guided by the cost considerations.

This means that economies of scale will have to be exploited if and where possible. If analysis of the FOAT results shows, for example, that specific training needs occur frequently across a region, the possibility of regional rather than district training sessions must be considered.

6.6 Accreditation of Service Providers

Service Providers to deliver skills development training to MMDAs will be accredited to ensure that the MMDAs source qualified firms and institutions. The Management and Technical Services and the Human Resource Directorates of the LGS will jointly undertake the accreditation of the service providers across the country. The accreditation system for Service Providers will pre-qualify firms and institutions on the basis of:

- Legal status
- Income tax clearance certificate
- SSNIT clearance certificate
- Track record in specific thematic areas
- availability of qualified personnel to undertake assignment

The competences of the facilitator will be evaluated in terms of Positive behaviour, Effective communication, Classroom management, Knowledge of adult learning and Technical knowledge.

Monitoring and evaluation of training providers will take into account the following:

- key indicators to measure the impact of the training programme on participant's knowledge or attitudes towards specific work behaviours;
- selected indicators to monitor the efficiency of the implementation process; and
- plans prepared showing how and when to collect data to measure these indicators so as to reliably measure changes.

The development of an accreditation system for service providers will take into account the thematic areas of the FOAT and the Training Modules, in addition to efficiency concerns relating to the use of service providers across the country. The following will also have to be developed as part of the accreditation system to guide the MMDAs and LGS.

- Standardised costing of the delivery of the different Training Modules at the district and regional levels for each of the regions to guide the districts.
- Mechanisms for evaluating the performance of the accredited providers. The evaluation function will be carried out by the Regional Coordinating Council and the LGS.

The firms and institutions accredited will be given generic training tools to ensure delivery is also standardised as much as possible across MMDAs.

Following the pre-selection process, the LGS will establish a database of the firms and institutions as well as communicate it in writing to all MMDAs. The database will also be web-based to allow easy and continuous access.

6.7 Mechanism for Monitoring and Evaluation of Service Providers' Performance

Activities of service providers occur at two levels: **At national and District levels.**

At national level, capacity building will generally take the form of training (workshop, sensitisation, orientation, induction, experiential learning, seminars, meetings etc.) aimed at improving the skills and performance of MMDA actors.

At the District level, the capacity building needs will take the form of provision of (a) skills development through training (workshop, sensitisation, orientation, induction, seminars, meetings etc), coaching, experience sharing, attachments, understudies, study tours etc. (b) organisational strengthening and (c) logistics.

The management activities involved in training as a capacity building activity include:

1. **coordinating** the actual training
2. **monitoring** the responsiveness of the training delivery; and
3. **evaluating** the impact of the training on participants' knowledge and behaviour.

To monitor capacity building at both the MMDA and national level the following Key M&E indicators are required:

- a. Publication of CBG to allow for transparency;
- b. **Key outputs (reports):** Existence of relevant reports showing valid evidence and compliance status constitutes key indicators;
- c. **CBG accountability:** This financial statement coupled with bank reconciliation statement show how the allocation disbursed to the recipient has been utilised.
- d. **Timely utilisation of CBG:** The timelines of incurring and paying for expenditure allows for early translation of the effect of the training into behavioural change;
- e. **Improved performance in Financial management, Planning and procurement:** This is an indicator for lack of transparency and accountability;
- f. **Improved service delivery in MMDAs:** This is the ultimate and an invaluable mark for downward accountability;
- g. Other key gaps.

6.7.1 Evaluating Training Effectiveness

Three major levels of training evaluation will be considered by LGS:

1. **Pre-activity Level:** which shows the objectives and relevance of the course, suitability of the service provider, training materials and the methodology to be applied by the training provider;
2. **Reaction Level:** focuses on how participants reacted to the training programme;
3. **Organisational/Functional Level (Results);** Organisational impact addresses whether the applied knowledge and skills positively affected the organisation's desired results.

The above are presented below:

Table 6.1 Monitoring and Evaluation at the National Level

Stage to Monitor	What to monitor	Person/Institution responsible	Evaluation tool to use
<i>Pre-Activity Level</i>	<ul style="list-style-type: none"> • FOAT and comprehensive capacity building plan. • Comprehensiveness of other CNA • Progress Report 	<i>Training providers</i>	<i>Evaluation of training proposal. Pre-training questionnaire</i>
<i>Reaction Level (at end of Training)</i>	<ul style="list-style-type: none"> • Evaluation report of training providers • Review of methodology 	<i>Training providers, LGS</i>	<i>Training Evaluation Report. End of training test, assignment etc Composite report</i>
<i>Organisational/Functional Level</i>	<ul style="list-style-type: none"> • Training report • Report on Improvement in performance 	<i>LGS</i>	<i>FOAT assessment</i>

6.7.2 Developing a Detailed Monitoring and Evaluation Plan

Monitoring and evaluation of training programmes will take into account indicators and tools for evaluating the outcomes as listed in Table 6.2 below.

Table 6.2 Monitoring and Evaluation at the MMDA Level

Stage to Monitor	What to monitor	Person/Institution responsible	Evaluation tool to use
<i>Pre-Activity Level</i>	<ul style="list-style-type: none"> • FOAT capacity gaps and capacity building plan. • Objectives and goals set • Appropriateness of training • Relevance of course content • Suitability of service providers, training materials and methods 	<i>LGS, RCC (HRM Unit)</i>	<i>Evaluation of training proposal. Pre-training questionnaire</i>
<i>Reaction Level (at end of Training)</i>	<ul style="list-style-type: none"> • Effectiveness of delivery • Appropriateness of materials • Effectiveness of methodology • Attitudes of trainees about trainers • Usefulness of subject matter 	<i>Training provider, Organiser , DPCU, RCC (HRM Unit), LGS</i>	<i>Training Evaluation Report. End of training test, assignment etc</i>
<i>Organisational/Functional Level</i>	<ul style="list-style-type: none"> • Review of intervention at organisational stage • Outcomes • Contribution of training to organisation's performance 	<i>LGS, RCC(HRM Unit)</i>	<i>FOAT assessment</i>

As part of the process of M&E it is important to measure changes in knowledge and attitudes. And these can be achieved through the following:

- a pre and post questionnaire, administered before and after training, measuring knowledge about key facts;
- an evaluation form on which each participant has an opportunity to rate and comment on the training (See Annex 7);
- baseline and follow-up in-store surveys (similar to the surveys carried out during the assessment phase) that measure certain aspects of knowledge, access to information etc.;
- follow-up focus group discussions of trainees to examine experiences with the new behaviours or reasons for failure to change behaviour.

6.7.3 *Reporting by Trainers*

The trainers will produce a report for each session which describes:

- the trainer who conducted the group, and when and where it was held;
- the number and background of participants, as well as those who were invited but did not participate;
- the cost of conducting the group, including transportation, lodging, room rental, materials, etc.;
- key positive or negative issues that were raised by participants in regard to the behaviours recommended in the training;
- measures of participants' knowledge of key facts about the subject matter before and after the training;
- evaluation by participants of the strengths and weaknesses of the training, and the usefulness of its contents;
- the trainer's comments about positive or negative aspects of the session.

7. DDF Financial Management Guidelines

7.1 Introduction

This section presents an overview of the public financial management arrangements pertaining to the DDF. It is important to emphasise that the DDF is to operate fully within the existing legal and regulatory framework for public financial management and administration. Consequently, the activities and processes discussed in the overview below are not DDF-specific, but are also relevant to all funds that are charged to the Consolidated Fund.

The guidelines are based on the activities and time-table presented in the consolidated Annual Plan of Operations for the DDF-FOAT system (*included as Annex 1*) and draws on guidelines from initiatives anchored on the legal and regulatory framework such as the District Wide Assistance Project (DWAP) and the Community Initiated Food Security (CIFS) project.

In FY 2008, the DDF will operate as a separate single funding stream to MMDAs, in addition to the DACF, as government explores possibilities of integrating the two streams in the coming years. Each MMDA will receive funds each year depending on how it performs. DDF will operate on an annual programming cycle of MMDAs as a result effort will be made to align it with the cycle of planning and budgeting at the district level.

7.2 Governance and Management of the DDF

7.2.1 The Legal and Regulatory Framework for Financial Management and Administration

The current public financial accountability arrangements, namely accounting, reporting and auditing derive from the 1992 Constitution and are also specifically covered under the Financial Administration Act (FAA), Act 654 of 2003; Financial Administration Regulations (FAR), L.I. 1802 of 2004; Financial Memorandum for Municipal and Urban Councils of 1961 and update in 2004; The Local Government Act, 1993, Act 462; the Audit Service Act, 2000, Act 584 and the Internal Audit Agency Act 658 of 2003.

The Financial Administration Regulation (FAR), L.I. 1802 details out matters such as the responsibilities of government officers, budget process, virement authority, government accounts, supplies and stores, expenditure control, and financial and accounting records.

These legal and administrative regulations create a framework for assessment of **accountability and transparency in financial management**. For downward accountability and transparency, beneficiaries are challenged to participate in the identification of local priorities for planning, budgeting, implementation and project monitoring. In addition to presenting the plan and budget at the General Assembly meeting, the MMDAs are required to publish the financial information (the budget the receipt of fund and financial statements) either on notice boards or through public hearing.

7.2.2 The Development Menu for the DDF expenditures

The Development Menu for the DDF defines the types of expenditure the grant can be accessed for. It is important to emphasise that the DDF does not come with sector specific conditionalities but to implement development priorities within MTDPs and Annual Action Plans and Budgets and thereby promote budget autonomy at the district level.

The basic frame of reference for the Development Menu therefore is the existing classification of expenditures under the Medium Term Expenditure Framework (MTEF). Since the DDF is introduced as a performance based development grant, it can be used for expenditures under MTEF Item 2 (Maintenance of Furniture and Fixtures, Machinery, Plant and Equipment, and Buildings); Item 3 (HR capacity building – Training/Workshops/conferences) and Item 4 (Construction works and Rehabilitation expenses on Plants and Buildings).

The allowable and non-allowable expenditures are outlined below:

a) Allowable Expenditure to be financed from DDF

Generally, allowable expenditure shall include social infrastructure construction such as Education, Health, water and sanitation.

As a guiding principle, any expenditure from the DDF should benefit the communities at large in a given district.

- Maintenance (MTEF Item 2: Administration)
MMDAs may use 10% of the annual DDF allocation for maintenance purposes, provided that this use is backed up by a maintenance plan and budget. Allowable expenses relate to maintenance of furniture and fixtures, plant and machinery and general equipment – **all of which are not for residential or office use.**
- Capacity Building Component (MTEF Item 3: Service Activity Expenses)
DDF expenses such as for training/workshop/seminar/conferences/meetings and advertisement to procure service providers are allowed but will need to be justified by the FOAT exercise.
- Construction works (MTEF Item 4: Investment /activity Expenses)
Relevant expenses include: construction of new projects (Consultancy fees; Contractors fees; Site Preparation; Permits and legal fees; Construction materials; Sanitation facility, and Water System); and Rehabilitation expenses on buildings and plant and machinery. Others are purchase of plant and equipment, furniture, motor bikes, and bicycle. New projects such as educational facilities, health infrastructure, markets etc. are strongly recommended. (See Annex 8 for MTEF Chart of Account details).

b) Disallowable Expenditure

Items that cannot be financed from the DDF include:

- investments outside of the MTDPs and Annual Plans;
- investments of a private nature; and
- purchase of cars and similar consumption expenditure.
- purchase of plants and equipment; furniture; motor bikes; computers and accessories; other capital expenditure, unless these are otherwise justified by the FOAT exercise.
- Construction and furnishing of District Administration offices and residential accommodations.

Note: The CAGD will always accompany each DDF release with this section (7.2.2) to each MMDA

7.3 Roles and Responsibilities of National Institutions

The roles and responsibilities of GoG institutions involved in DDF implementation including the MLGRDE, MoFEP, Controller and Accountant General's Department

(CADG) the Office of the District Assemblies Common Fund (DACF), the Ghana Audit Service (GAS), the Regional Planning and Coordination Unit (RPCU) are outlined subsequently.

7.3.1 Ministry of Finance and Economic Planning (MoFEP)

MoFEP is the principle signatory to the DDF Co-funding arrangement and is responsible for the flow of funds through the GoG system. MoFEP will also play a major policy-making role as a member of the Steering Committee. MoFEP's operational duties will comprise the following:

- Participate in ongoing policy and operational dialogue with DPs and MLGRDE;
- Ensure timely transfer of DDF resources to the CAGD;
- Ensure that appropriate financial systems are in place for the accounting of funds, which meet both GoG and DPs requirements;
- Ensure that the Ghana Audit Service is sufficiently resourced to conduct annual audit assignments promptly.

7.3.2. Ministry of Local Government, Rural Development and Environment

MLGRDE has operational responsibility to coordinate the activities of all DDF participating agencies and to take whatever measures necessary to ensure that the DDF operates within established legal and regulatory procedures.

Its mandate is to oversee the operations of the regions and districts as institutions. In this role, MLGRDE will play an overall monitoring and coordinating role for DDF in order to identify and resolve implementation problems. MLGRDE key responsibilities include:

- Chair the Steering Committee;
- Ensure that the Local Government Service (LGS) is well resourced to deliver on its mandate in respect of the DDF;
- Liaise with MoFEP to ensure that DPs receive any information from the GoG relating to financial policies and procedures that could impact on the DDF.
- Through the SC assess DDF implementation performance and whether adjustments to policies and procedures are required.
- Procure of firms for the FOAT assessment;
- Orient the Assessment Teams annually;
- Coordinate FOAT implementation and consolidate assessment results and reports;
- Work in collaboration with ODACF based on the five scoring categories to determine allocations for each MMDA;
- Cooperate with other stakeholders in any activities relating to monitoring and evaluation of DDF implementation activities.

7.3.3. The Local Government Service

The Local Government Service Act (Act 656) establishes the Local Government Service and provides for the objects, functions, administration of the Service and related concerns. The functions of the Service include the provision of technical assistance to the DAs and RCCs to enable them to effectively perform their functions and discharge their duties; conduct organisational and job analysis; design and coordinate management systems and processes. Others include the execution of management audits of RCCs and the MMDAs to improve overall performance of the Service and assist the RCCs and MMDAs to perform their statutory as well as related responsibilities.

The Local Government Service is responsible for:

- collate and consolidate capacity building needs from the FOAT;
- derive the capacity building allocations to be received by each MMDAs;
- prepare budget for the proportion of the 40% of the CBG meant for the delivery of mandatory capacity building needs to MMDAs; and
- prepare reports covering its operations for the consideration of the SC.

7.3.4 Controller and Accountant General's Department

The Controller and Accountant-General's Department is the department under the Ministry of Finance and Economic Planning (MoFEP) charged with the responsibility of managing all government and donor funds in the country. It is the unit responsible for the existing public financial accountability systems and has overall responsibility for maintaining professional accounting standards, ensuring that departments have efficient accounting systems and are compiling as well as submitting financial statements for government as a whole. At the end of the year the CAGD draws up, signs and sends to the Auditor-General and the Chairman of the Public Accounts Committee a set of consolidated public accounts and financial statements for the government as a whole. The Financial Administration Regulations, 2004 (FAR), specifies the role of the Controller and Accountant General as both Chief Adviser on government accounting and as head of the Accounting Class.

As one of the strategies to improve financial management in the Public Sector, the CAGD undertook Treasury Realignment Reforms which sought to:

- ❑ operationalise the concept of integrated financial management so that the treasuries become an integral part of the MDAs and MMDAs as the manager assures control over all resources including human,
- ❑ streamline the current disbursement process in order to facilitate **fiscal decentralisation**,
- ❑ shorten the procedures for accessing and disbursing funds.

Treasury alignment is to operationalise the new concept of integrated financial management, and address organisational as well as systemic issues. The treasury realignment has brought the whole system of disbursement, accounting and reporting under the direct control of the Head of the MDA.

Receipt and disbursement of District Development Fund by CAGD

- MLGRDE will advise CAGD to establish a DDF-Dollar Account with Bank of Ghana (BOG) as well as a DDF- Cedi Account within the BOG Consolidated Fund.
- The CAGD will by a standing order request the BOG to convert donor funds in the DDF-Dollar Account into the DDF-Cedis Account as and when the donor funds are available.
- Based on the approved allocation and subsequent issuing of directives by MLGRDE, the CAGD will transfer funds into the SUB CONSOLIDATED FUND ACCOUNT when they have fulfilled all reporting obligations.
- Upon advise from MLGRDE (Chairman of SC) MoFEP will issue warrants for the 40% CB component of the DDF to LGSS and DDF Secretariat. CAGD will respond appropriately.
- Finance Officer will submit WEEKLY transaction data on receipts and payments along the same lines as with Central budgetary allocation.

- MMDAs and other participating agencies will submit monthly and annual report on receipt and utilisation of DDF to the CAGD with copies to ODACF in accordance with the formats in the CAGD-approved District Accounting Manual and the requirements of the Financial Administration Regulations (L.I. 1802) respectively. (Note: MMDAs are required to incorporate DDF fund receipts and utilisation in the financial returns for submission).
- CAGD, on monthly basis, submit Fund Receipts, Disbursements, and Utilisation Reports to SC.
- Establish database on district monthly financial reports and submit recommendations on performance to the MLGRDE.
- Support and participate in processes associated with monitoring, analysis of DDF utilisation and the formulation of policy recommendations.

NOTE: THERE WILL BE NO DEDUCTIONS AT SOURCE FROM MMDAs' DDF ALLOCATION.

Accounting: The CAGD will also ensure that accounts are kept in accordance with the requirements of the FAA and FAR. All accounting and reporting will comply with GoG-approved Accounting Standards in force.

7.3.5 Office of the District Assemblies Common Fund (ODACF)

The Administrator of the office of the District Assemblies Common Fund (ODACF) will:

- a. assign designated staff to handle the DDF.
- b. advise MoFEP to release GoG portion of the DDF to the DDF-Cedi Account held with Bank of Ghana.
- c. receive copies of financial reports from the districts;
- d. Ensure that there is an effective information management system in place. The information management system is to ensure effective data management by tracking yearly allocations, projects implemented and financial data on a continuous basis;
- e. Undertake surveillance monitoring of DDF resources.

Reports and Reporting: For the DDF, the ODACF will:

- receive copies of financial reports from the districts:
- prepare and provide the following reports with respect to its activities and responsibilities for DDF:
 - Analyse and document the findings from the reports and monitoring visits for the attention of MLGRDE, and make timely recommendations with respect to variances or irregularities identified quarterly.
 - Support and participate in processes associated with monitoring, analysis of DDF utilisation and the formulation of policy recommendations.

7.3.6 Ghana Audit Service (GAS)

The Audit Service Act, 2000 (Act 658): outlines the task of the Auditor-General in respect of audit of public accounts and the audit limits. The requirement is that audits must be completed within six months after the close of each financial year. The thrust of the operations is to establish whether the accounts have been well kept, rules and procedures followed. Other operations include whether funds have been appropriately expended, records maintained, assets protected and financial operations conducted with due regard to efficiency and effectiveness.

As part of their routine activities, Ghana Audit Service (GAS) will perform annual operational audit of all MMDA and other beneficiary agencies. In addition they will perform special audits to address problems identified through regular monitoring. As an ex-post review of financial statements, financial systems, records, transactions and operations of organisations, it will seek to identify weaknesses in internal controls and financial systems and make recommendations for improvements. The main function of the GAS therefore is to establish acceptable levels of compliance with legal and regulatory framework.

The GAS annual audit reports will provide a summary of findings and recommendations revealed through the audit, and it is expected that the DDF resources made available to the MMDAs will be part of this annual audit. The audits shall follow either International Standards of Auditing (ISA) or audit standards issued by International Organisation of Supreme Audit Institutions (INTOSAI).

7.3.7 Regional Planning and Coordinating Unit (RPCU)

The main roles and responsibilities of the Regional Planning Coordinating Units (RPCU) with respect to the implementation of DDF are:

- Coordinate and provide technical support for the preparation of annual plans and budget including capacity building plans to ensure that they are in line with the MTDPs and its associated guidelines.
- Monitor and evaluate the implementation of Annual Action Plans and Budgets of the districts.
- Produce quarterly reports on their operations to the LGS, NDPC and MLGRDE.

7.4. Roles and Responsibilities at the District Level

Districts will plan, implement and account for funds in accordance with GoG planning, budgeting and financial management systems. To facilitate the annual assessment process, the MMDAs shall establish an effective data bank to facilitate swift retrieval of data for assessment purposes. As final implementing units, the MMDAs will prepare detailed annual activity plan and budget in line with their MTDPs based on planning cycle. Thus, the DDF cycle is tied to the annual planning cycle of the MMDAs.

Receipt of Funds: The MMDAs will need to comply with the readiness criteria to be established for the purposes of operationalising the Fund. This will include:

- Evidence of the availability of a management team, a financial management system and identified location. Provision of data on the **District's sub-consolidated fund account** for the purposes of the transfer of DDF resources into such account.
- A designated DDF Ledger account to be opened and the necessary additional accounting records to be established, awaiting the release of funds. **Note: Separate books of accounts will be opened for the DDF.**
- MMDAs in compliance with the legal and regulatory framework will record and acknowledge receipt of funds appropriately.

Utilisation of Funds:

- A short memorandum from the accredited officer will be issued to the DCE (the Authorising Officer) who minutes it to the DCD (the Spending Officer) who is the chief administrative officer requesting a release of funds for budgeted activities;

- The DCD will deal with the remaining steps by instructing the Metropolitan, Municipal and District Finance Officer (DFO) to raise the Payment Voucher for release of fund for implementation of the approved activity.
- Accounts Officer raises a Payment Voucher to be passed for payment by both DFO and the DCD;
- Cheque will be prepared for signing by the designated signatories usually the DCD and the DFO with the DCE endorsing the disbursement forms/warrant and the cheque;
- Cheque will be released after entries have been made in Cash/Cheque Payment Register. Recipient signs both the Payment Voucher (PV) and the register to authenticate collection.

Disbursements for Construction Works

- Payment certificate will be raised by the consultant or engineer;
- Inspection reports will be prepared by the local monitoring team;
- Warrants will be prepared by the Budget Analyst for the DCE's authorisation;
- Disbursement forms will be raised and signed by the DCE, the DCD and the DFO
- Payment Vouchers will be prepared by the DFO, authorised by the DCD for the approval by the DCE;
- The Internal Audit Section pre-audits Payment Vouchers;
- Cheques will be signed by the DCD and the DFO.
- The DFO will prepare the accounting records for the purposes of safeguarding and reporting.

Record Keeping

Accounting record keeping is absolutely indispensable for efficient financial reporting and decision making. For DDF, book-keeping will be structured clearly enough to report according to MTEF Cost classifications for investment activities, capacity building and maintenance expenses. All participating institutions will keep records of receipts and disbursements for the period in accordance with established GoG procedures.

Books of Accounts and Financial Documents to be Kept and Reporting: The books of account and other records to be established in order to account for funds received are:

The Cash Book is to be used to record cash receipts and payments; the structure and design may compare favourable with that used for the recording expenses relating to the utilisation of the District Assemblies' Common Fund.

Expenditure Analysis Ledger will be used for recording the expenses according to classification;

Stock Ledger for recording materials and stationeries procured and issued to works etc;

Fixed Assets Register will be used to record all fixed assets and relevant data on them resulting from DDF disbursements;

Fund Ledger for funds received;

Contract Register, this book will be used for keeping account of all contract awarded and payment made;

Working Advances and Payable Ledger: These books will be used for recording mobilisation and owings respectively. They facilitate the accrual basis of accounting.

Other records to be kept include:

- Procurement and contract files;
- Payment Vouchers and Waybills Files;
- Local Purchase Orders, Stores Receipt Vouchers, Stores Issue Vouchers, Files;
- Register of Cheque Released;
- Receipts Books and Other Value Books.

The appropriate books of account and other recording documents will be established to make fund accountability and reports preparation simple and effective.

Regulation 189 of the Financial Administration Regulations (FAR), L.I. 1802 of 2004, mandates the head of the department to submit monthly statement of revenue and expenditure to the Controller and Accountant-General in a form provided for in the Departmental Accounting Instructions. Regulation 190 of the FAR charges the head of department to submit, within three months of the end of each financial year, the accounts of the department.

All **MMDAs** will submit monthly and annual financial reports regularly, to CAGD with copies to ODACF. (Note: for monthly reports, the deadline is by the 15th day following the month to which the report relates; and for annual reports it is by 31st of March following the year to which the report relates).

DDF implementation Progress/Activity reports will be generated on quarterly basis for submission to the MLGRDE, NDPC and the RPCU with copies to ODACF. The outline is provided in Section 8.2.2.

7.5 Auditing

7.5.1 Internal Audit

With the enactment of the Internal Audit Agency Act, 2004 (Act 658), it is envisaged that, all MMDAs will have Internal Audit Units. All transactions relating to the DDF will have to be audited internally alongside regular audits of all district funds. Internal auditing is the independent appraisal of the operations of the organisation by measuring and evaluating the effectiveness of other controls. Under the DDF, typical issues which internal audit will appraise and report on to management will include:

- the effectiveness of accounting, financial, operational controls and any need for their revision;
- the extent of compliance with prescribed policies;
- the reliability of accounting systems, data and financial reports;
- methods of remedying weak controls or creating them when there are none; and
- verification of assets and liabilities.

7.5.2 External Audit:

Districts will on annual basis be audited by the Ghana Audit Service (refer to Responsibilities of the Ghana Audit Service). Districts will ensure that their responses to audit observations during the Exit Interview organised by the Ghana Audit Service are incorporated in the Draft Audit Report received from the External Auditors. By Part 3 Section 29 of the Ghana Audit Service Act 584 of 2000 all districts must respond to audit observations within 30 days. Districts will use their Audit Report Implementation Committees to implement audit recommendations.

7.6 Flow of Funds National Level Responsibilities

The Ministry of Finance and Economic Planning is charged with the responsibility of mobilising resources required for the DDF. The MLGRDE, MoFEP and DPs will decide on funding proportion for the DDF pool. MoFEP will ensure timely release of funds into the DDF Account opened with BoG.

MLGRDE will advise CAGD to establish a DDF-Dollar Account with Bank of Ghana (BOG) as well as a DDF- Cedis Account within the BOG Consolidated Fund. The CAGD will by a standing order request the BOG to convert donor funds in the DDF-Dollar Account into the DDF-Cedis Account as and when the donor funds are available.

SC approves the allocation to the individual MMDAs as well as the allocations for the 40% CB to LGSS and the DDF Secretariat. The DACF Administrator will advise MoFEP to release GoG portion of the DDF to the DDF-Cedis Account. The MLGRDE (the Chairman of the DDF Steering Committee) will advise the CAGD to release approved allocation of DDF funds directly to the MMDAs using the MMDAs Sub-Consolidated Fund Account. The MLGRDE (Chairman of SC) will advise MoFEP to issue warrants for the 40% CB component to LGSS. The LGSS will draw the funds for the 40% CB component according to financial regulations for Ministries, Departments and Agencies. The flow of funds is presented in Diagram 7.1a & 7.1b:

Diagram 7.1a – Flow Chart under the DDF

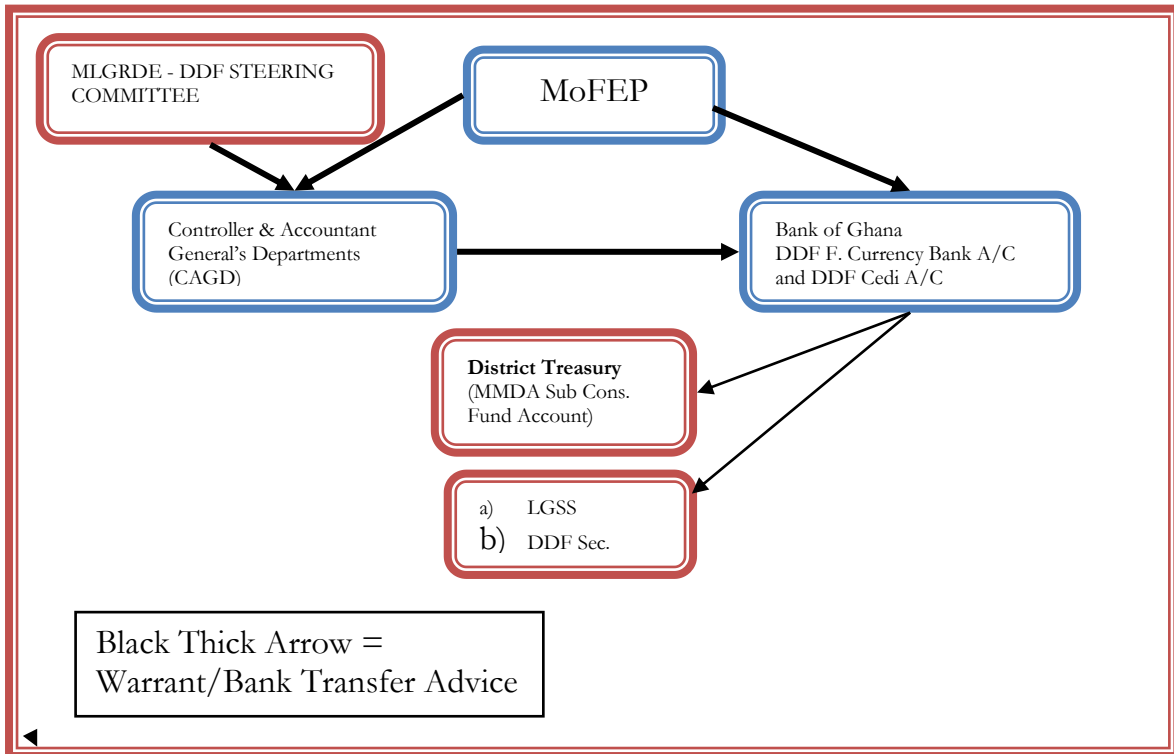
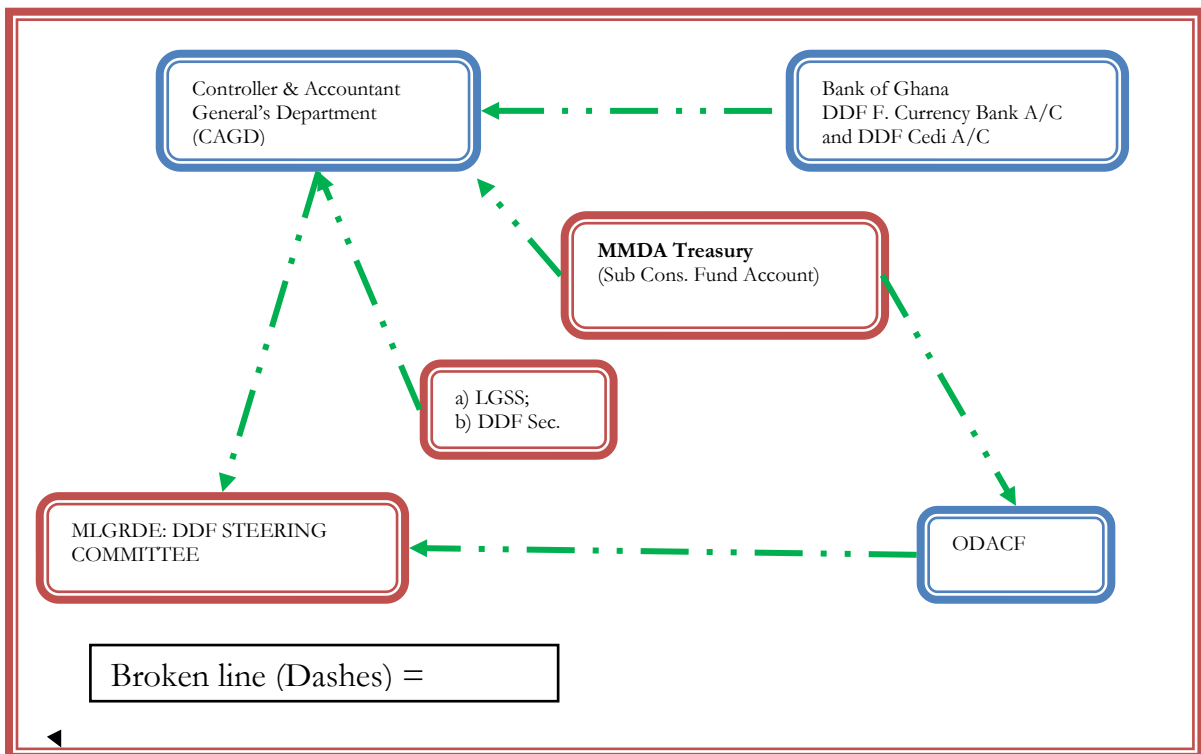


Diagram 7.1b – Flow Chart under the DDF



The step wise process of the flow of DDF resources is outlined in Table 7.1 below.

Table 7.1 Fund Release Time Lines

Activity	Responsibility	Deadline
MLGRDE submits FOAT results to ODACF to compute allocations for attention of the Steering Committee.	MLGRDE	July
The DDF Secretariat submits computed allocations to Steering Committee for final approval.	DDF Sec./ODACF	July
GoG and DPs lodge respective fund in the account	MoFEP	December
MoFEP will inform MLGRDE in writing of fund availability	MoFEP	December
The DDF Steering Committee, based on assessment report, informs MoFEP to transfer fund into DDF bank account held at BoG.	SC/MLGRDE	December
MoFEP to transfer funds into DDF bank account.	MoFEP	December
The Steering Committee now instructs CAGD to transfer allocations to MMDAs after satisfying other financial management requirements	SC/MLGRDE	January
All transfers to MMDAs and LGS completed.	CAGD	January

8. Reporting, Monitoring and Evaluation

8.1 Reporting Schedule

The table below provides the periodic reporting schedule for the DDF.

Table 8.1: Reporting Schedule

Type of Report	Responsibility	Frequency	Recipient
District Financial Reports	Districts	Monthly financial reports, Yearly Summary reports	CAGD, ODACF
MMDAs Activity Implementation Reports	Districts	Quarterly	MLGRDE, RPCU, NDPC
Monitoring Reports	RPCU	Quarterly	MLGRDE/NDPC
Participating Agencies' Financial Reports	RPCU, LGS, GAS, ODACF	Monthly	MLGRDE
Quarterly Financial Report	CAGD	Quarterly	MLGRDE
Annual Financial Performance Report	CAGD	Yearly	MLGRDE
Special Audit Reports	GAS	As requested by Steering Committee	SC, MLGRDE
Scheduled Audit Reports	GAS	As per Audit Work Plan schedule	
Annual Activity Report	MLGRDE	Yearly	Steering Committee

8.2 Roles and Responsibilities

There are a number of institutions with monitoring responsibilities of the MMDAs. These include MLGRDE, LGS, ODACF, NDPC, RPCUs and CAGD. In addition to these, the MMDAs also have responsibility to monitoring their own activities. A quick overview reveals some level of overlap. However, this section seeks to clarify the monitoring responsibilities, the outputs generated and how these will be effectively used at the various levels in compliance with the available framework and mandate of the various institutions involved.

8.2.1 Monitoring and Evaluation by National Level Institutions

MLGRDE: The Ministry with overall responsibility for decentralisation policy development and monitoring of the local government system will monitor the operations of the LGS, DACF, RPCUs and MMDAs with respect to compliance with policy directives. Currently, the monitoring responsibilities under MLGRDE are not well coordinated. Institutions involved include the Monitoring Unit, Inspectorate Division and the LGS.

The Monitoring Unit of the MLGRDE currently undertakes monitoring of projectised activities. The Inspectorate Division of the Ministry also monitors the district sources of funding through the submission of financial report, the performance of the IGF of districts and compliance with the gazetted fee fixing resolutions as well as legislative Instruments of the assembly. Their mandate also includes field monitoring.

Under the DDF, the MLGRDE's Monitoring Unit will need to focus more on policy monitoring and work together with the Inspectorate Division towards coordinating activities and producing one report for the attention of the SC at its meeting in August each year. Data emanating from this effort will be used to build a data bank to track improvements of the MMDAs and inform how the FOAT indicators should be strengthened for improved institutional performance and other policy concerns.

LGS: In line with its mandate to undertake performance monitoring of the MMDAs and the RCCs under LGSA, the LGS will undertake regular monitoring of the performance of personnel at the district and regional levels. With the introduction of the FOAT/DDF, the Service will also need to monitor Service Providers delivering training to the MMDAs.

The outcome of the MMDA and RCC monitoring will also inform policy as well as review and implementation of the FOAT/DDF.

DACF: This Unit undertakes financial monitoring of only DACF resources. This happens in two forms – in-house using the reports submitted by the MMDAs and field surveillance monitoring to a selected number of districts in a year to follow up on issues emerging from the financial reports submitted.

National Development Planning Commission (NDPC): NDPC issues guidelines for the preparation of Medium Term Development and Annual Action Plans in line with GPRS II. The Commission issued guidelines for the preparation of District Monitoring and Evaluation Plans in 2006 to ensure that the MMDAs monitor and evaluate the implementation of the MTDPs and AAPs. It is implied that NDPC will monitor the implementation of the MTDPs and AAPs, however, in practice it undertakes beneficiary assessment as a detailed study with validation checks of reports of selected MMDAs. Reports emanating from this exercise together with others will facilitate the Commission's preparation of Annual Progress Reports for GPRS II. This responsibility will continue under the implementation of the DDF/FOAT.

8.2.2 Monitoring by Regional and District Institutions

For the **regional and district levels**, The NDPC M&E guidelines provide a good guide to MMDAs and the RCCs in terms of monitoring and evaluation. The DPCUs and RPCUs countrywide have been trained to use this tool.

At the **regional level**, an 11-member RPCU team will be required to fulfil their mandate outlined by the guidelines which among other things mandates them to undertake quarterly monitoring of the MMDAs in their regions. The RPCUs will be expected to monitor not only the use of the DDF resources but the overall operations of the MMDAs and submit quarterly reports to the LGS, MLGRDE and NDPC. The RPCUs will be required to support the MMDAs to meet their reporting requirements especially the M&E Quarterly Reports to the MLGRDE, NDPC and LGS.

At the **district level**, similarly the DPCU has an 11-member team to undertake routine monitoring on all their projects and programmes in line with monitoring plans prepared for the year. The responsibility of the Unit outlined in the M&E guidelines is to be complied with. Through the implementation of the MTDPs and AAPs, the MMDAs are expected to meet Core District Indicators outlined by the M&E guidelines. Currently, the MMDAs undertake the monitoring but reporting to the region, NDPC, LGS and MLGRDE has been weak. NDPC and MLGRDE will need to ensure that their outfits with responsibility for the monitoring focus on tracking the responsiveness of the MMDAs to this requirement.

To facilitate the work of the regions and national level institutions, primary data based on the outline below will be compiled:

Table 8.2 Programme/Project Register Format⁷

1	PROGRAMME/PROJECT NAME
---	------------------------

⁷ NDPC (October 2006): Guidelines for the preparation of The District Monitoring Evaluation Plan under the Growth and Poverty Reduction Strategy (GPRS II) 2006-2009

2	GPRS II THEMATIC AREA
3	SECTOR
4	Project Description
5	Project Location
6	Contractor
7	Source of Funding
8	Date started
9	Expected completion date
10	Contract sum
11	Expenditure for the Reporting Period
12	Expenditure to date
13	Project Implementation Status
14	Remarks

The DCD will need to ensure that the DPCU is well resourced to execute its monitoring mandate. The above will be presented in a tabular form to NDPC, MLGRDE, LGS and DACF on quarterly basis as part of the overall District Monitoring and Evaluation Report Outline below:

Title Page

District
M&E Report for (time period)

Introduction

Purpose of the M&E for the stated period
Process involved and difficulties encountered
Status of implementation of the DMTDP

M&E Activities Reports

Programme/Project status report for the quarter or year (same as Table 8.2)
Update of disbursement from funding sources
Update on Indicators and Targets
Update on Critical Development and Poverty Issues
Participatory M&E and other studies

The Way Forward

Key Issues addressed and those yet to be addressed
Recommendations

The Ghana Audit Service will use all these reports generated by the various institutions in the fulfilment of its mandate.

8.2.3 Evaluation

Evaluation of the DDF modality will take place at two levels.

National Level

At the national level, evaluation of the system will take two forms. The first will be an annual review of the system, whilst the second will involve a medium term review with a three year time horizon.

The annual reviews of the implementation of the system will seek to address operational inadequacies and weaknesses. It will be the responsibility of the SC to undertake the review, and this will be informed by the reports of the FOAT exercise, GAS, LGS, DACF, CAGD, MLGRDE and the monitoring observations of the Committee.

The three-year review of the DDF will be an entire evaluation of the system, in terms of the design of the funding mechanism, impact on district development agenda, broadening of the scope of the funding modality and indicators for the assessment of performance among others. This will involve specific studies to assess the effectiveness or otherwise of the system. The SC will have the responsibility of organising the review under the auspices of MLGRDE. The evaluation process will seek to engage stakeholders at the policy, regional and district levels for a comprehensive overview.

District Level

At the district level, there is no specific framework outlined for the DDF, as such modalities for the evaluation will be in line with the M&E guidelines issued by the NDPC (or subsequent amendment made by the Commission) for the implementation of District Medium Term Development Plans.

Annex 1 Consolidated Annual Plan of Operations

Activity		J	F	M	A	M	J	J	A	S	O	N	D
Pre-Assessment	Responsible												
Procurement Process of National Assessment Team	MLGRDE												
- Call for Expressions of Interest	MLGRDE												
- Preparation RFPs	MLGRDE												
- Shortlisting of pre-qualified firms	MLGRDE												
- Request for proposals from shortlisted firms/institutions	MLGRDE												
- Evaluation of proposals	MLGRDE												
- Approval of the evaluation	MLGRDE												
- Preparation of contracts & signing of contract with NAT	MLGRDE												
- Orientation of Consultants	MLGRDE												
Letter to MMDAs confirming timing of FOAT assessment, the information requirements and an overview of the Minimum Conditions and Performance Measures	MLGRDE												
Determination of DDF pool for subsequent year	MoFEP / DPs												
Preparation for the Assessment by MMDAs	MMDAs												
MMDA Assessment	Responsible												
Nationwide implementation of the FOAT	NAT												
Full and committed participation in the Assessment process	MMDAs												
Monitoring of FOAT implementation	MLGRDE												
Collation of FOAT results and submission of reports	MLGRDE												
Post-Assessment	Responsible												
Processing of complaints	MLGRDE												
Consolidation of FOAT results	MLGRDE												
Consolidation of CB needs	LGS												
Calculation of DDF allocations	MLGRDE/DACF												
Submission of DDF allocations to SC(MLGRDE)	DDF SEC/DACF												
Preparation and submission of Work Plans and Budgets	/ CAGD												
Consolidation of allocations (investment and CB) and preparation of Consolidated Report	MLGRDE												
Submission of FOAT results and DDF allocations (Consolidated Report) to Steering Committee	LGS/MLGRDE												
Endorsement of FOAT results and DDF allocations	SC												
Endorsement APOs, budget and Indicators	SC												
Public dissemination of FOAT results and DDF allocations	MLGRDE												
Submission of Budget for incorporation into MLGRDE budgets													
DDF allocation request from MLGRDE to MoFEP	SC / MLGRDE												
DPs lodgement into DDF Foreign Currency	DPS												
Release instruction from MLGRDE to DACF of GOG portion of DDF	MLGRDE												
Release instruction from MoFEP to CAGD	MoFEP												
DACF releases DDF allocations to MMDAs/LGS/MLGRDE	CAGD												

Annex 2 List of Minimum Conditions

MINIMUM CONDITIONS

Minimum Condition	Indicators of Minimum Condition	Information Source and Assessment Procedure
Functional Capacity in Development Planning	Establishment of a Functional District Planning Coordinating Unit based on the Guidelines for the Operationalisation of DPCUs & RPCUs, 2004	From the District Coordinating Director (DCD) obtain information on membership and minutes of the quarterly meetings as well as invitation letters to members of the DPCU. If minimum of 80% of members have met and minutes duly recorded, the MC is fulfilled. (Section 2.2 of Guideline for Operationalisation of DPCUs & RPCUs)
	Annual Action Plan has been formulated on the basis of the MTDP	From DCD receive a copy of the annual action plan (AAP) prepared for implementation of the MTDP to verify link between MTDP and the AAP. If plan is prepared and 70% of the programmes and projects in the AAP conforms with MDTP, the MC is fulfilled. (Section 7.10 of Draft NDPC Guidelines on the preparation of the MTDP)
Functional Capacity in Financial Management and Accounting	Annual Statement of Accounts prepared and submitted according to the Financial Administration Regulation §190/Financial Administration Act, §41	From the DCD obtain information on whether the Annual Statement of Accounts for 2007 has been prepared and submitted by the 31 st March 2008 and all other funds to the appropriate bodies. If this has been done, the MC is fulfilled. (Financial Administration Regulation and the Financial Administration Act)
	No adverse comments bordering on dishonesty in the Audit Report.	From the DCD receive a copy of the Auditor General's Management Letter on the last audited accounts. If no adverse comments bordering on dishonesty have been reported, the MC is fulfilled.***
Functional Capacity in Procurement	District procurement plan available and prepared based on Public Procurement Authority Guidelines Act 663 of 2003	From the DCD receive information on the preparation and approval of the Procurement Plan by 30 November 2006. If this follows the PPA guidelines, then MC is fulfilled. (Part III Section 21, Sub section 1, PPA 663, 2003 on the preparation of procurement plan)
Functional Capacity of Assembly	Assembly meeting according to minimum demands	From the DCD receive a copy of the minutes of meetings of the General Assembly held in 2007. If the assembly has met at least three times and minutes duly recorded in 2007, the MC is fulfilled. (Section 18 of Local Government Act, Act 462)
Plan Implementation Capacity	Progress Reports on the implementation of activities in the Annual Action Plan	From the DCD obtain information whether the MMDA has submitted mid-year and annual composite progress reports on the implementation of the Annual Action Plan to the Regional Coordinating Council (RCC). If the two reports for 2007 have been prepared and submitted before the end of March 2008, the MC is fulfilled.

*** Examples bordering on dishonesty are embezzlement, misappropriation, wilful negligence, over invoicing for purchasing, inflation of contract sums.

Annex 3 List of Performance Measures (PMs)

PMs	Indicators	Information source, Assessment basis and Scoring	Score
Management and Organisation Total Score - 15	Meetings of the political structure:	From the DCD receive and review the composition, attendance and minutes of the meetings:	
	a) Executive Committee (EC)/Authority (A)	a) If at least a meeting of the EC/A was held prior to each of the three mandated General Assembly meetings in 2007 and minutes duly recorded, score 2, else score 0 (Section 19 of the Local Government Act, Act 462)	
	b) Sub-committees of the Assembly	b) If each of the 5 Statutory Sub-committees held at least one meeting prior to each of the three meetings of the EC/A in 2007 and minutes are recorded, score 2, else score 0 (Section 24 of the Local Government Act, Act 462)	
	c) District Security Committee **	c) If District Security Committee held quarterly meetings in 2007 and minutes duly recorded, score 1, else score 0	
	Availability of Organisational Manual	From the DCD receive and review documentation of division of roles in the organisational manual among district administration and departments. If document is available with divisions of roles, score 2, else score 0	
	Accessibility of offices to the physically challenged	From the DCD receive information on plans and efforts that have been put in place to enhance access to offices for the physically challenged. If there is evidence of provision of access or efforts to provide access to the physically challenged, score 2 else score 0.	
	Filing system	From the DCD receive information about filing system. If the Public Records Archives and Administration Department (PRAAD) guidelines are available score 1, and if the filing had been done according to the guidelines score 1 else score 0 (PRAAD Guidelines)	
	Regular management meetings	From the DCD, receive and review minutes of management (heads of departments+ DA core staff) meetings held in 2007. If management meetings were held at least quarterly and duly attended by at least 60% of heads of departments score 1, else score 0. If 2 of these quarterly meetings were held under the chairmanship of the Chief Executive score an additional 1, else score 0.	
	Follow up to management meetings	From the DCD, receive minutes of meetings and review follow up action on decisions taken during 2007. If at least 75% or more of decisions have been implemented score 2, if 50-74% score 1, below 50% score 0.	
PMs	Indicators	Information source, Assessment basis and Scoring	Score

Transparency, Openness and Accountability Total score - 10	Establishment and functionality of the Public Relations and Complaints Committee (PRCC)	<p>From the DCD receive information on the establishment, list of members (including a desk officer) and minutes of meeting of the PRCC.</p> <p>If PRCC established with a desk officer score 1 else score 0.</p> <p>If records of actions taken exist on complaints score an additional 1 – if not score 0</p> <p>(Section 27 of the Local Government Act, Act 462)</p>	
	Public service delivery	<p>From the DCD receive a copy of the Assembly's service delivery charter.</p> <p>If available score 1 –if not score 0.</p>	
	Information to the Public	<p>From the DCD receive information on evidence of publication and distribution (e.g. newsletter) of the Assembly's activities.</p> <p>If distributed to the members score 1, else score 0</p>	
	Bye-laws made open to public inspection without fee (LGA § 82)	<p>From DCD obtain documentation evidence of gazetted bye-laws displayed for public inspection without a fee.</p> <p>If documentation of the gazetted bye-laws and inspection records exist score 1, if not score 0.</p> <p>(Sections 80 and 82 of the Local Government Act, Act 462)</p>	
	Publication of annual statement of accounts and auditor's report (LGA § 125)	<p>From DCD receive documentation of publication of the 2007 annual statement of accounts and latest auditor's report.</p> <p>If 2007 statement of accounts have been made public to DA members score 2, else score 0. If the latest management letter (auditors reports) have also been made available to the Presiding Member score an additional 1, if tabled at a General Assembly meeting score an extra 1, else score 0.</p> <p>(Section 125 of the Local Government Act, Act 462)</p>	
	Publication of Annual Budget and monthly Trial Balance	<p>From DCD receive documentation of publication of annual budget and trial balance.</p> <p>If the 2007 Annual Budget has been made public to DA members score 1, if not score 0. If 12 monthly trial balances for 2007 have been submitted to the F&A Sub-committee score an additional 1, else score 0.</p> <p>(section 75 of the Financial Memoranda, 2004 of the MLGRDE)</p>	
PMs	Indicators	Information source, Assessment basis and Scoring	Score
Planning system Total score - 15	Involvement of key stakeholders in plan implementation	From DCD receive and review implementation reports on non-physical programmes (e.g. sensitisation, capacity building and extension services) identified in the 2007 Annual Action Plan.	

		<p>If minutes or records exist for participation by key stakeholders (beneficiaries, DA staff and service providers) in 90-100% of the non-physical programmes exist for 2007, score 2, 60-89% score 1, below 60% score 0.</p> <p>(Section 6.1 Draft NDPC Guidelines)</p>	
		<p>From DCD receive monitoring reports on physical projects identified in the Annual Action Plan.</p> <p>If minutes or records of participation by key stakeholders (beneficiaries, DA staff and contractor) exist for 90-100% of the monitoring undertaken in 2007, score 2, 60-89% score 1, below 60% score 0.</p>	
	Level of plan implementation	<p>From DCD obtain information on projects in the Annual Action Plan for 2007.</p> <p>If 75% or more of the total number of projects in the Annual Action Plan have been implemented or are being implemented, score 2. If 50%-74% score 1, If less than 50% score 0.</p>	
	Internal monitoring and evaluation of plan implementation	<p>From DCD receive minutes of quarterly composite (district administration and departments) review meetings on planning, implementation and monitoring.</p> <p>If review meetings have been held within the framework of the M&E system with 4 minutes available, score 2, if 3 minutes score 1, else score 0</p> <p>(Section 7.1-3 of Draft NDPC Guidelines)</p>	
	Linkage between planning and budgeting	<p>From DCD obtain information on the annual plan and budget for 2007 and establish the linkage between the two documents.</p> <p>If 90% or more of investment budgetary estimates conforms to the annual plan, score 2 If 80%-89% of investment budgetary estimates conforms to the annual plan, score 1. If less than 80% score 0.</p>	
	Work planning by departments	<p>From the DCD receive copy of departments' annual action plans and review these in line with the MTDP.</p> <p>If 90% or more departments' projects and programmes are integrated into the MTDP, score 2, if 80-89% score 1, if less score 0.</p>	
	Socio economic data collection and management	<p>From DCD receive information about databank of the Assembly</p> <p>If a databank on population, economic resource, infrastructure, revenue and expenditures exists score 2, else score 0.</p>	
	Support to the poor and vulnerable **	<p>From DCD receive information on programmes for the poor and vulnerable (Women, Children, Aged, Disabled and People Living with HIV/AIDS).</p> <p>If 15% or more of the projects in the AAP focus specifically on the poor and vulnerable score 2, if 7-14% score 1, if less than 7% score 0.</p>	
Human Resource	Overall vacancy level	From DCD receive a copy of the actual staff ledger of the Assembly's central administration and the	

Management Total max. score 10		decentralised departments for 2007. If the ledger is available, score 1. If evidence of efforts (letters) to fill vacancies also exist score an additional score 1, else score 0. (Office of Head of Civil Service Guidelines)	
	Staff performance assessment	From DCD receive information on signed annual performance appraisal completion forms for staff of the Assembly's central administration and heads of decentralised departments. If annual completed staff appraisal forms are available for the mentioned staff for 2007, score 2, else score 0 (Office of Head of Civil Service Guidelines)	
	Staff development	From DCD receive copy of training needs assessment and staff development plans for staff in the Assembly's central administration and heads of decentralised departments. If training needs assessment has been done for 2006 and 2007, score 1, else score 0. If staff development plans have been prepared on the TNA, score additional 1, else score 0. (Office of Head of Civil Service Guidelines)	
	Training and capacity building	From the DCD receive copies of reports on the implementation of staff development plans If 60% or more of programmes in the plans are implemented score 2, else score 0.	
	Gender Mainstreaming	From the DCD find out if the assembly has initiated or implemented programmes aimed at bridging gaps between males and females. Score 1 for indications of interventions related to promoting women's and marginalized groups' advancement into public office and leadership development. Score an additional 1 for the availability of a district plan based on a gender profile or other reliable basis for programme formulation and implementation.	
Relationship with sub structures Total max. score 9	Establishment of functional Secretariat at the Sub-district level	From the DCD receive information on the composition of Sub district Council's Secretariat. If Chairperson, Treasurer and Secretary are at post score 1, else 0.	
	Frequency of meetings (Sub-Metro Councils, Urban/Zonal Councils, Town/Area Councils)	From the DCD receive information on minutes of meetings of sub district structures. If 75% or more of sub structures have minutes of the minimum number of four meetings score 2, between 50-74% score 1, below 50% score 0. Sub metropolitan council/Urban /Zonal/Town/Area Council: minimum four (4) meetings per year. (Section 7 (3) ,12 and 19 of Legislative Instrument 1589/LI 1615)	
	Revenue sharing between Assembly and sub structures	From the DCD, obtain information on transfer or remittance of 50% of revenue collected to sub structures on behalf of the District Assembly.	

	(transfer to SDs 50% of ceded revenues collected in sub structures)	<p>If the MMDA has evidence on remittance of funds to 75% or more of sub structures score 3 Between 50-74% score 1. Below 50% score 0.</p> <p>(Section 31 of Legislative Instrument 1589/LI1615)</p>	
	Extent to which sub district structures have been mandated to perform functions outlined in LI 1589	<p>From the DCD, receive copy of document (letter) of mandated functions to be performed by the sub structures and the extent to which these functions are being performed.</p> <p>If 8 or more of functions including collection of revenues are delegated and being performed, score 3.</p> <p>If between 5 and 7 functions transferred including collection of revenues score 1. If less than 5 score 0.</p> <p>(Second Schedule Paragraph 6(1) 11(1) 18(1) of Legislative Instrument 1589/..... LI 1615)</p>	
Financial Management and Auditing; Total max. score 21	Functionality of Budget Committee	<p>From the DCD receive information on the composition and functionality of the Budget Committee.</p> <p>If Budget Committee is functional and minutes of meetings are available score 1 or else score 0.</p> <p>(Section 150 Financial Administration Regulations LI 1802)</p>	
	Compliance with budgetary provisions.	<p>From the DCD obtain information on the monthly expenditure returns of MMDA.</p> <p>If monthly expenditure returns are kept within budgeted estimates score 2 else score 0.</p> <p>(Financial Memoranda issued by MLGRDE 2004)</p>	
	Procedure for funds disbursement	<p>From the DCD obtain information on the process of disbursing funds for IGF, DACF, HIPC, Health Fund, GETFund and Donor Funds for specific projects.</p> <p>If disbursement is done according to procedures for utilisation of IGF, HIPC, DACF, Health Fund, GETFund and Donor Funds score 1 else score 0.</p> <p>(Guidelines from Administrators of various funds)</p>	
	Approval of the budget	<p>From the DCD obtain minutes of Assembly meetings that approved the budget.</p> <p>If the budget was presented by the Executive committee to the General Assembly for approval in time (latest by 30th November 2006), score 1 else score 0.</p> <p>(Section 11 of the Local Government Act, Act 462)</p>	
	Efficient financial administration	<p>Obtain from the DCD whether the following financial documents have been appropriately prepared and submitted by the 15th day of the following month.</p> <ol style="list-style-type: none"> 1. Monthly Bank Reconciliation Statement 2. Monthly Trial Balance 	

		<p>3. Monthly Income and Expenditure Statement</p> <p>For each document appropriately prepared and submitted score 1 (A total maximum score of 3 if have been complied).</p> <p>(Section 75 of Part VII of Financial Memorandum issued by MLGRDE, 2004)</p>	
	Compliance with guidelines in Financial Memoranda	<p>From the DCD find out whether accounts have been prepared according to the Financial Memoranda. If done score 1, else score 0.</p> <p>(Financial Memoranda issued by MLGRDE, 2004)</p>	
	Estimation of revenue from fees and licences	<p>From the DCD obtain information on the basis for estimation of revenue from fees and licences (data on target group e.g. chop bars, drinking bars etc.)</p> <p>If estimation was based on data provided score 1, else score 0.</p> <p>(Schedule 6 and Section 86 of the Local Government Act, Act 462) (Financial Memoranda issued by MLGRDE 2004).</p>	
	Setting of property rates	<p>From the DCD obtain information on the revision of property roll, revaluation of property and revision of property rates.</p> <p>If the property roll has been revised within the past 5 years score 1- else score 0.</p> <p>If there has been revaluation of properties (houses) and revision of rates within the past 5 years, score an additional 1-else score 0</p> <p>If the property rates have been collected from at least 50% of the property within the past fiscal year, score an extra 1 -else score 0</p> <p>(Section 96 sub section 6 -8 of the Local Government Act, Act 462)</p>	
	Board of Survey	<p>From the DCD, obtain report of the Board of Survey for 2007 on both stores and funds.</p> <p>If Board of Survey was conducted not later than 31st December 2007 and report available, score 1, else score 0</p> <p>(Section 30 of Part X and Section 50 of Part XII of Financial Memorandum issued by MLGRDE 2004)</p>	
	Prompt responsiveness to external audit queries	<p>From DCD obtain evidence on queries from the latest management letter on external audit report and whether the report has been submitted to the Audit Report Implementation Committee and whether the MMDA has acted upon the queries.</p> <p>If report submitted to ARIC within 30 days of receipt of management letter, score 1 else score 0.</p> <p>If report has been acted on within 30 days, score an additional 1, else score 0</p> <p>(Section 121 of the Local Government Act, Act 462, 1993)</p> <p>(Part 3, section 29 of Audit Service Act , Act 584, 2000)</p>	
	Establishment of an Internal Audit Unit	<p>From the DCD obtain information on the composition of Internal Audit Unit.</p>	

		<p>If the unit is established score 1, else score 0.</p> <p>(Section 120 of the Local Government Act, Act 462)</p>	
	Functionality of Internal Audit Unit	<p>From the DCD obtain information on internal audit work carried out and submitted to the Presiding Member of the assembly.</p> <p>If this is done on a quarterly basis score 1 else score 0.</p> <p>(Section 120 of the Local Government Act, Act 462)</p>	
	Responsiveness to the internal audit observations	<p>From the DCD obtain evidence on the comments of the internal audit report, the Chief Executive's decision on the report and implementation of the recommendations.</p> <p>If the Chief Executive has presented the internal audit report to the Management Committee score 1, else score 0</p> <p>If the Chief Executive has acted on the recommendations in internal audit report score an additional 1, else score 0.</p>	
Fiscal Capacity; Total max. score 10	Absolute Size of IGF	<p>From the DCD obtain information on average annual growth in IGF for 2006 and 2007.</p> <p>If growth has been higher than 20%, score 2</p> <p>If growth has been 10% - 19%, score 1</p> <p>Or else score 0.</p> <p>Please show basis for calculation</p>	
	Relative Size of Internally Generated Fund (IGF)	<p>From the DCD obtain information on percentage of IGF as compared to total revenue (=DAF+IGF).</p> <p>If the percentage of IGF to total revenue is 15% or more in the last fiscal year, score 2</p> <p>If 5%-14% score 1, else score 0. Please show basis for calculation</p>	
	Collection cost of Internally Generated Fund (IGF)	<p>From the DCD obtain information on the collection cost of IGF. If the collection cost of IGF is less than 30% of the total IGF score 2 else score 0.</p> <p><i>Observe the following and sum up to arrive at the cost of revenue collection:</i></p> <ul style="list-style-type: none"> - <i>Salaries of revenue staff on central government payroll.</i> - <i>Commission received by revenue collectors</i> - <i>Cost of value books used.</i> 	
	Share of Internally Generated Fund (IGF) used for Development Expenditure	<p>From the DCD obtain information from the trial balance on the use of the IGF for development and maintenance in the revenue sources.</p> <p>If at least 15% or more of the IGF went into development expenditure during the past fiscal year, score 2.</p> <p>If 10%-14% score 1, else score 0.</p>	
	Operation and maintenance plan	From the DCD obtain information on the percentage of the budget for operation and maintenance as	

		<p>against capital budget.</p> <p>If there is a plan for O&M score 1, else score 0</p> <p>If the percentage for O&M is 10% or higher score an additional 1, else score 0</p>	
Procurement;	Meetings of Procurement Entities	<p>From the DCD obtain information on minutes of meetings of the Tender Committee.</p> <p>If the Tender Committee meets quarterly and have suitable minutes score 1 else score 0. (Section 17-20 of Public Procurement Act, Act 663)</p>	
Total max. score 10	Record on procurement proceedings	<p>From the DCD obtain information on the record of procurement proceedings (Section 28 of Public Procurement Act, Act 663).</p> <p>If done according to the Act score 1, else score 0.</p>	
	Quarterly update of procurement plan	<p>From the DCD obtain information on whether the procurement plan has been updated quarterly.</p> <p>If done score 1 else score 0. (Section 21 of Public Procurement Act, Act 663)</p>	
	Contract Mobilisation	<p>From the DCD obtain information on all contract mobilisation paid in 2007.</p> <p>If mobilisation payments are within 15% of the contract sum and bond have been secured score 1, else score 0 (Part IX Section 69 and 70 of the Financial Memoranda)</p>	
	Procedures for Inviting Tenders	<p>From the DCD obtain information on the procedure for inviting tenders (Section 35-48 of Act 663).</p> <p>If done according to the Act score 1, else score 0.</p>	
	Relations between the Tender Evaluation Panel and Tender Committee.	<p>From the DCD obtain information on the proceedings of the Tender Evaluation Panel and Tender Committee.</p> <p>If the decisions of the Tender Evaluation Panel has been overturned by the Tender Committee in less than 5% of the cases score 1, else score 0.</p>	
	Contract management	<p>Obtain from the DCD the percentage of projects completed on schedule within the last fiscal year. (Examine contracts file or register)</p> <p>If 80% or more projects have been completed on schedule within the last fiscal year score 2. If 60-79% have been completed score 1. If less score 0.</p>	
	Contract Retention	<p>From the DCD obtain information on contracts completed in 2007.</p> <p>If the minimum of 10% retention was withheld and fully released after the defect liability period (normally not less the six months) score 1, else score 0.</p>	

Annex 4: Reporting Formats

A. AVAILABILITY OF DOCUMENTS DURING ASSESSMENT

Name of MMDA:

Zone:.....

Date of Assessment:.....

MINIMUM CONDITIONS

Thematic Areas	Needed Documents	Tick If available
Functional Capacity in Development Planning	Membership and minutes of meetings of the Functional DPCU	
	Annual Action Plan	
Functional Capacity in Financial Management and Accounting	Annual Statement of Accounts	
	Auditor's report on the last audited accounts.	
Functional Capacity in Procurement	Procurement Plan for 2007	
	Annual Procurement Plan	
Functional Capacity of Assembly	Minutes of meetings of the General Assembly	
Project Implementation Capacity	Progress Reports on the implementation of projects in the Annual Action Plan	

PERFORMANCE MEASURES

Thematic Area	Needed Documents	Tick if available
Management and Organisation	Minutes of meetings of the Executive Committee (EC), the statutory sub committees of the EC and the District Security Committee	
	Organogram of the Assembly	
	Documentation of division of roles among the various departments	
	Files register	
	List of office space, office equipment and transport facilities for administrative purposes (assets register)	
	Minutes of management (heads of departments+ DA core staff) meetings during the last fiscal year	
Transparency, Openness and Accountability	List of members (including a desk officer) and minutes of meetings of the Public Relations and Complaints Committee	
	Copy of service delivery charter or document indicating service delivery	
	Copy of annual report on the MMDA's activities for the previous year.	
	Reference file(s) on gazetted bye-laws	
Planning System	Annual budget for the previous fiscal year	
	Annual Action Plans of departments	
	Progress Reports on the implementation of projects in the AA P	

	Minutes of half year composite review meetings on planning, implementation and monitoring of MTDP.	
	Reports on public hearings at sub district structure levels in connection with the preparation of Medium Term Development Plan	
	Last updated socio-economic databank	
Human Resource Management	Staff ledger	
	Establishment schedule	
	Copy of annual staff development plans and details on training programmes actually implemented	
	Completed staff appraisal forms	
	Profile on gender activities	
Relations with sub structures	Minutes of meetings of sub district structures	
	List of office equipment and transportation facilities for administrative purposes of sub district structures	
	Staff ledger of sub district structures	
	Record of transfer of funds to sub district structures	
	Document indicating functions transferred and actually being performed by sub district structures	
Financial Management and Auditing	Composition and minutes of meetings of the Budget Committee	
	Monthly expenditure returns and incomes of the MMDA	
	Bank Reconciliation Statement	
	Monthly Trial Balance	
	Annual Balance Sheet	
	Annual Statement of Accounts	
	Board of Survey Report	
	Database on taxable units including property roll	
	Document indicating the composition of Internal Audit Unit	
	Report on internal audit work carried out and submitted to the Presiding Member of the MMDA.	
	Minutes of Audit Implementation Committee meeting	
	Minutes of General Assembly meeting	
Fiscal Capacity	Operation and maintenance plan	
	Annual budget	
	Audited Accounts	
	Receipts of DACF Payments	
	Monthly trial balance	
Procurement	Document describing the procedure for inviting tenders	
	Progress Reports on the implementation of projects	
	Minutes of the procurement entities	
	Annual Procurement Plan and quarterly updates	
	Contracts Register/Certificates of Payments	

B. FOAT - MINIMUM CONDITIONS

Name of MMDA: Zone:..... Date of Assessment:.....

Tick as appropriate

Minimum Condition	Indicators of Minimum Condition	Fulfilled	Not Fulfilled	Responses incl. Capacity Building Requirements (indicate source documents to support Response)
Functional Capacity in Development Planning	Establishment of a Functional District Planning Co-ordinating Unit			
	Annual Action Plan has been formulated on the basis of the MTDP			
Functional Capacity in Financial Management and Accounting	Annual Statement of Accounts prepared and submitted according to the Financial Administration Regulation §190/Financial Administration Act, §41			
	No adverse comments bordering on dishonesty in the Audit Report**			
Functional Capacity in Procurement	District procurement plan available and prepared based on Public Procurement Authority Guidelines Act 663 of 2003			
Functional Capacity of Assembly	Assembly meeting according to minimum demands			
Project Implementation Capacity	Progress Reports on the implementation of activities in the Annual Action Plan			

C. FOAT - PERFORMANCE MEASURES

Name of MMDA: Zone:..... Date of Assessment:.....

Indicators for MANAGEMENT AND ORGANISATION	Maximum Total Score	Actual score	Responses incl. Capacity Building Requirements (indicate source documents to support Response)
Meetings in the political management institutions:			
1. Executive Committee (EC)	2		
2. EC Sub-committees	2		
3. District Security Committee	1		
Division of responsibilities among the departments	2		
Accessibility of offices to the physically challenged	2		
Filing system	2		
Regular management meetings	2		
Follow up to management meetings	2		
SUB TOTAL	15		Please transfer sub total score to composite score sheet

PERFORMANCE MEASURES

Name of MMDA:

Zone:.....

Date of Assessment:.....

Indicators for TRANSPARENCY OPENNESS AND ACCOUNTABILITY	Maximum Total Score	Actual score	Responses incl. Capacity Building Requirements (indicate source documents to support Response)
Establishment and appropriate work of the Public Relations and Complaints Committee (PRCC)	2		
Public service delivery	1		
Information to the Public	1		
Bye-laws made open to public inspection without fee (LGA § 82)	1		
Publication of annual statement of accounts and auditor's report (LGA § 125)	4		
Publication of Annual Budget and Monthly Trial Balance	2		
Sub total score	11		Please transfer sub total score to composite score sheet

PERFORMANCE MEASURES

Name of MMDA:

Zone:.....

Date of Assessment:.....

Indicators for the PLANNING SYSTEM	Maximum Total Score	Actual score	Responses incl. Capacity Building Requirements (indicate source documents to support Response)
Involvement of key stakeholders in plan implementation or monitoring	4		
Level of plan implementation	2		
Internal monitoring and evaluation of plan implementation	2		
Linkage between planning and budgeting	2		
Work planning by departments	2		
Socio economic data collection and management	2		
Support to the poor and vulnerable	2		
Sub total score	16		Please transfer sub total score to composite score sheet

PERFORMANCE MEASURES

Name of MMDA:

Zone:.....

Date of Assessment:.....

Indicators for HUMAN RESOURCE MANAGEMENT	Maximum Total Score	Actual score	Responses incl. Capacity Building Requirements (indicate source documents to support Response)
Overall vacancy level	2		
Staff performance assessment	2		
Staff development / Capacity building	2		
Training and capacity building	2		
Gender Mainstreaming	2		
Sub total score	10		Please transfer sub total score to composite score sheet

PERFORMANCE MEASURES

Name of MMDA:

Zone:.....

Date of Assessment:.....

Indicators for RELATIONSHIP WITH SUB STRUCTURES	Maximum Total Score	Actual score	Responses incl. Capacity Building Requirements (indicate source documents to support Response)
Establishment of functional Secretariat at the Sub-district level	1		
Frequency of meetings (Sub-Metro Councils, Urban/Zonal Councils, Town/Area Councils)	2		
Revenue sharing between Assembly and sub structures (transfer of 50% of collected ceded revenues in sub structures)	3		
Extent to which sub district structures have been mandated to perform the functions outlined in LI 1589/LI1615	3		
Sub total score	9		Please transfer sub total score to composite score sheet

PERFORMANCE MEASURES

Name of MMDA:

Zone:.....

Date of Assessment:.....

Indicators for FINANCIAL MANAGEMENT AND AUDITING	Maximum Total Score	Actual score	Responses incl. Capacity Building Requirements (indicate source documents to support Response)
Budget Committee established	1		
Compliance with budgetary provisions.	2		
Procedure for funds disbursement	1		
Approval of the budget	1		
Efficient financial administration	3		
Compliance with guidelines in Financial Memoranda	1		
Estimation of revenue from fees and licenses	1		
Setting of property rates	3		
Board of Survey	1		
Prompt responsiveness to external audit queries	2		
Establishment of an Internal Audit Unit	1		
Functionality of Internal Audit Unit	1		
Responsiveness to the internal audit observations	2		
Sub total score	20		Please transfer sub total score to composite score sheet

PERFORMANCE MEASURES

Name of MMDA: Zone:..... Date of Assessment:.....

Indicators of FISCAL CAPACITY	Maximum Total Score	Actual score	Responses incl. Capacity Building Requirements (indicate source documents to support Response)
Absolute Size of IGF	2		
Relative Size of Internally Generated Fund (IGF)	2		
Collection cost of Internally Generated Fund (IGF)	2		
Share of Internally Generated Fund (IGF) used for Development Expenditure	2		
Operation and maintenance plan	2		
Sub total score	10		Please transfer sub total score to composite score sheet

PERFORMANCE MEASURES

Name of MMDA:

Zone:.....

Date of Assessment:.....

Indicators of PROCUREMENT	Maximum Total Score	Actual score	Responses incl. Capacity Building Requirements (indicate source documents to support Response)
Meetings of Procurement Entities	1		
Record on procurement proceedings	1		
Quarterly update of procurement plan	1		
Contract Mobilisation	1		
Procedures for Inviting Tenders	1		
Relations between the Tender Evaluation Panel and Tender Committee.	1		
Contract management	2		
Contract Retention	1		
Sub total score	9		Please transfer sub total score to composite score sheet

D. SUMMARY SCORING SHEET FOR PERFORMANCE MEASURES

Name of MMDA: Zone:.....

Date of Assessment:

Performance Measures	Maximum Score	Actual Score
Management and organization	15	
Transparency, openness and accountability	10	
Planning system	16	
Human resource management	10	
Relationship with sub-district structures	9	
Financial management and Auditing	20	
Fiscal capacity	10	
Procurement	10	
Total	100	

E. SUMMARY OF CAPACITY BUILDING REQUIREMENTS

Name of MMDA:

Zone:.....

Date of Assessment:.....

MINIMUM CONDITIONS	Capacity Requirements
Functional Capacity in Development Planning	
Functional Capacity in Financial Management and Accounting	
Functional Capacity in Procurement	
Functional Capacity of Assembly	
Project Implementation Capacity	
Performance Measures	
Management and organization	
Transparency, openness and accountability	
Planning system	
Human resource management	
Relationship with sub-district structures	
Financial management and Auditing	
Fiscal capacity	
Procurement	

F. COMPLAINT FORM

Name of MMDA:

Zone:.....

Date of Assessment:.....

MINIMUM CONDITIONS	Specific Disagreements
Functional Capacity in Development Planning	
Functional Capacity in Financial Management and Accounting	
Functional Capacity in Procurement	
Functional Capacity of Assembly	
Project Implementation Capacity	
Performance Measures	
Management and organization	
Transparency, openness and accountability	
Planning system	
Human resource management	
Relationship with sub-district structures	
Financial management and Auditing	
Fiscal capacity	
Procurement	

G. Assessment Report

**MINISTRY OF LOCAL GOVERNMENT, RURAL
DEVELOPMENT AND ENVIRONMENT**

**FUNCTIONAL AND ORGANISATIONAL ASSESSMENT PROCESS
YEAR (.....)**

ASSESSMENT REPORT

NAME OF MMDA:.....

REGION:.....

PERIOD OF THE ASSESSMENT:.....

DATE OF SIGNATURES:

NAME OF DCE:.....

DCE's SIGNATURE:.....

NAME OF DCD:.....

DCD's SIGNATURE:.....

NAME AND SIGNATURE OF ASSESSMENT TEAM LEADER:

.....

ASSESSMENT TEAM MEMBERS (NAMES AND SIGNATURES):

.....

.....

.....

H. CONTENT OF THE ASSESSMENT REPORT

1. Acknowledgement
2. Methodology used for the assessment
3. Summary of the results (fill in overview schemes for MCs and PMs and draw conclusions)
4. Summary of Capacity Building Requirements (analysed by region)
5. Challenges in the Assessment
6. Specific and General Comments to individual aspects of the Assessment Process (a summary of the most important comments during the assessment of the MCs and PMs)
7. Notification of disagreement with the outcome of the Assessment

Annex 1	Assessment of the Minimum Conditions
Annex 2	Scoring of the Performance Measures
Annex 3	Summary Scoring Table for Performance Measures
Annex 4	Summary of capacity building requirements (by districts and region)
Annex 5	Summary of Complaints
Annex 6	List of persons met (provide name and designation of persons)
Annex 7	List of documents consulted (from the checklist)

I. LIST OF PERSONS CONTACTED

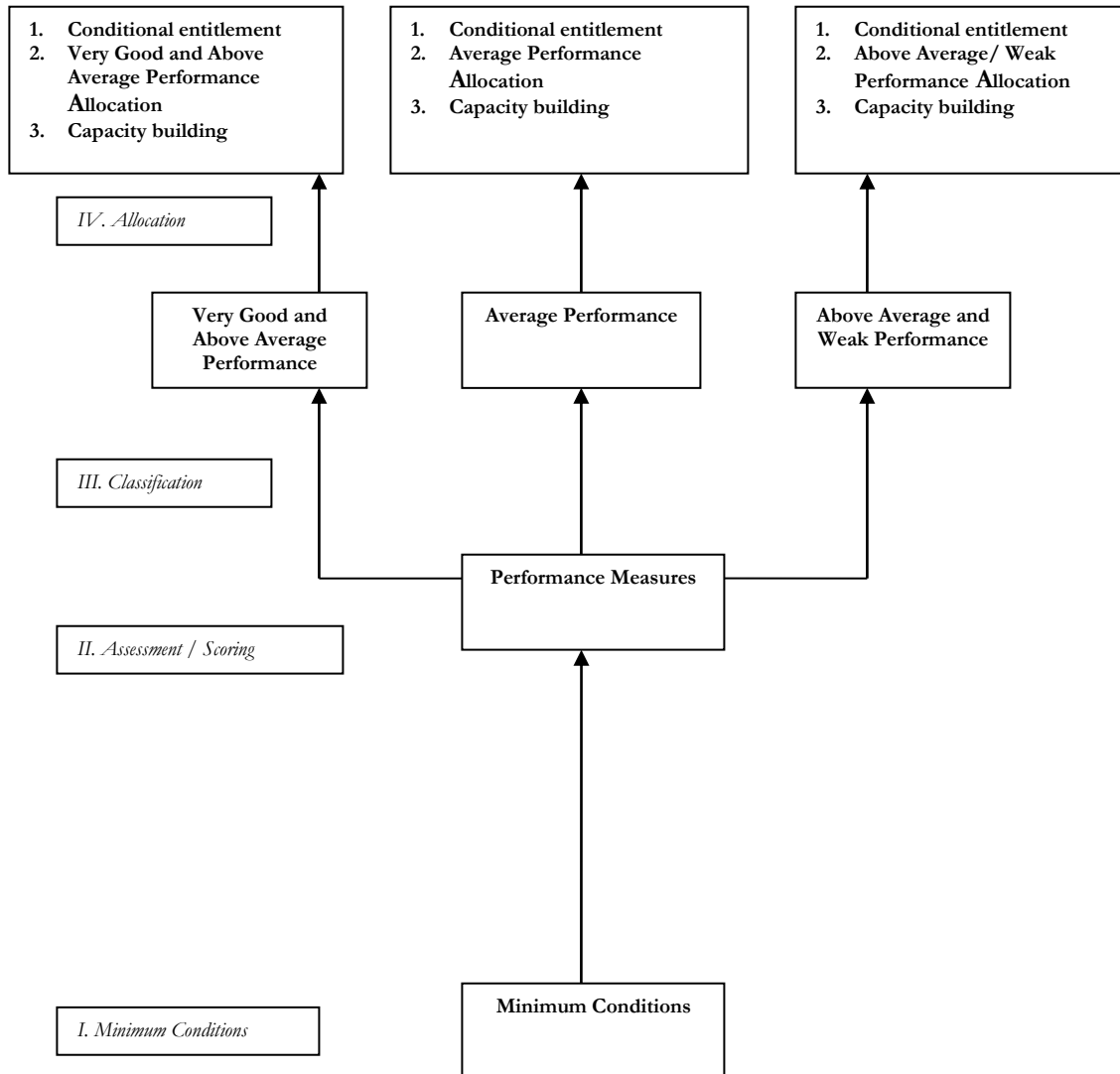
Name of MMDA: **Zone:**.....

Date of Assessment:.....

[illegible]

Annex 5: Allocation Under The DDF: Steps, Model and Sample Allocations

A.5.1 From Assessment to Allocation: Steps in the Process



A.5.2 The Allocation Model

	Total Population		22,900,927
	Area of Land Area in Sq. Km		262,545
	No. of districts		138
	Based on a \$1.25 per capita total DDF Pool is		\$ 28,626,158.67
a.	Conditional Entitlement Component	50% of DDF Pool of which	
		1. equal share	10%
		2. Population Share	80%
		3. Land Area	10%
b.	Performance Component	40% of DDF Pool shared based on FOAT Scores	
		Using the following Allocation Ratings:	
		Average Performance	0% Increase
		Very Good Performance	50% increase
		Above average Performance	35% increase
		Below Average Performance	35% decrease
		Weak Performance	50% decrease
		The per capita for each Allocation Rating is as follows:	
		Assuming all 138 districts fulfilled all the MCs, the per capita allocation will be	\$0.50
		Average Performance - 0% increase	\$0.50
		Very Good Performance - 50 increase	\$ 0.75
		Above average Performance - 35% increase	\$ 0.68
		Below Average Performance - 35% decrease	\$ 0.38
		Weak Performance - 50% decrease	\$ 0.25
		Hence performance allocation for each district is as follows:	
		Multiply each district's performance allocation rating for example average	
		performance of \$0.50 by the district's population	
c.	Capacity Building Component	10% shared 40% for mandatory CB and 60% for Demand driven CB	
		1. fixed sum to provided for annual FOAT Exercise out of the 40% CBG	
		2. Remainder of the 40% CBG to be used by LGS for mandatory CB	
		3. 60% CBG to be shared equally to all MMDAs	

A.5.3 Allocations to Sample MMDAs

Allocation under the DDF				Allocation					Performance Incentive						
			Performance level:	very good	good	average	poor	very poor	A-P	A-VP	A-G	A-VG	VG-VP	G-VG	P-VP
	Allocation Model	Implied Weights													
			Ashanti Region												
Entitlement		50%	Obuasi Municipal (formerly	\$329,700	\$312,216	\$271,420	\$230,625	\$213,141	-15%	-21%	15%	21%	-35%	6%	-8%
equal share	\$10,794.74	10%	Ahafo Ano North	\$151,290	\$144,612	\$129,029	\$113,446	\$106,768	-12%	-17%	12%	17%	-29%	5%	-6%
population (per capita)	\$0.50	10%	Central												
land area (per km2)	\$6.00	80%	Cape Coast MA	\$296,081	\$280,305	\$243,494	\$206,682	\$190,906	-15%	-22%	15%	22%	-36%	6%	-8%
Performance (per capita)		40%	Eastern												
very good	\$0.75	+50%	New Juaben	\$245,202	\$232,508	\$202,888	\$173,268	\$160,573	-15%	-21%	15%	21%	-35%	5%	-7%
good	\$0.68	+35%	Northern												
average	\$0.50		West Gonja	\$196,667	\$190,207	\$175,133	\$160,059	\$153,598	-9%	-12%	9%	12%	-22%	3%	-4%
poor	\$0.33	-35%	Volta												
very poor	\$0.25	-50%	Keta	\$244,134	\$231,728	\$202,781	\$173,833	\$161,427	-14%	-20%	14%	20%	-34%	5%	-7%
Capacity Building		10%	Western												
fixed sum	\$8,635.80		Juabeso	\$233,430	\$222,231	\$196,100	\$169,969	\$158,770	-13%	-19%	13%	19%	-32%	5%	-7%
discretionary (average)	\$12,953.69														

Annex 6: Outline for the Preparation of MMDA Capacity Building Plan and Budget

Objective	Justification	Description (incl. loca-tion for Training prog.)	Intended Beneficiaries		Cost	Fundi ng Source	Timing		Expected Outcomes	Remar ks
			Group/Pe r	No.			Star t	En d		

Explanatory Notes

- An Objective could be for an activity or activities and it should be SMART
- Justification for an activity should establish the link of the activity to the outcome of the FOAT
- Activity Description requires outlining whether it is a training, a course or provision of logistics
- Intended Beneficiaries refers to whether the training is for the District Finance Office, District Planning Coordinating Units, Finance and Administration Sub-Committee etc. and the number to be trained.

- Planned expenditure includes the cost of meals, conference facility, transport and facilitation Cost
- Funding sources requires that MMDAs state whether the activity is to be funded from the DDF, other programmes/project or internal sources of the Assembly
- Timing connotes the start and end times of the intended CB activity
- Expected Outcomes refers to what trainees are expected
- Remarks provide opportunity for any comments that needs to be taken into account in the implementation of an activity.

Annex 7: Workshop/Training Course Evaluation Form/Guide

Both Daily and End of Session activities will be evaluated.

Assessment of the Trainer

- a. Trainer's ability to convey content - EXCELLENT/GOOD/FAIR/ POOR
- b. Trainer's ability to manage the group: - EXCELLENT/GOOD/FAIR/ POOR
- c. Trainer's ability to encourage effective participation: - EXCELLENT/GOOD/FAIR/ POOR
- d. Trainer's clarity of voice: - EXCELLENT/GOOD/FAIR/ POOR
- e. Trainer's ability to communicate in the language used: - EXCELLENT/GOOD/FAIR/ POOR

Lessons Learnt (Please List)

(Participants should be able to indicate clearly topics they have learnt that they believe could contribute to knowledge.)

Skills Acquired (Please List)

(Participants should be able to indicate clearly topics they have learnt that they believe constitute skill transfer.)

Indicate What You Liked and/Or Disliked About The Course

(Participants should be able to critique the whole course in terms of its benefits and shortfalls.)

Topics Needing Further Training (Please List)

(Participants should be able to indicate clearly topics they feel require further training as well as other topics they believe should have featured prominently in the course.)

Suggestions To Further Improve The Training

(Participants should be to able state clearly areas they think require further improvements. This ranges from inputs (course materials, presentation, level of participants involvement in skill development) output, learning environment and the extent to which these facilitate effective accomplishment of course objectives.)

Annex 8a: DDF Allowable Expenditure (Expenditure Report)

Exp Code	Item	Sub Item	Sub, Sub Item	
				ITEM 2: ADMINISTRATION
4	2	07	000	Maintenance
4	2	07	004	Maintenance of Furniture & Fixtures*
4	2	07	005	Maintenance of Machinery & Plant*
4	2	07	006	Maintenance of General Equipment*
4	3	00	000	ITEM 3: SERVICE ACTIVITY EXPENSES
4	3	01	000	Training/Workshop/Seminar and Conference Cost
4	3	01	002	Hire of Venue
4	3	01	003	Hotel Accommodation
4	3	01	006	Refreshments/Meals
4	3	01	009	Training Materials
4	3	01	010	Tuition Fees
4	3	02	001	Local Consultants Fees
				Printing & Publication
4	3	04	004	Advertisements to procure service providers
4	4	00	000	ITEM4: INVESTMENT ACTIVITY EXPENSES
4	4	01	000	Construction Works: New Projects
4	4	01	001	Consultancy fees
4	4	01	002	Contractors fees
4	4	01	003	Site Preparation
4	4	01	005	Permits and legal fees
4	4	01	006	Construction Materials
4	4	01	007	Sanitation Facility Only
4	4	01	009	Water System Only
4	4	02	000	Property Purchases
4	4	02	002	Purchase of Plant & Equipment
4	4	02	004	Purchase of Furniture
4	4	02	005	Purchases of Motor Bike, bicycles etc
4	4	02	006	Purchase of Computers and accessories
4	4	03	000	Rehabilitation Expenses
4	4	03	001	Buildings*
4	4	03	002	Plant and Machinery*
*THESE ASSETS ARE NOT FOR RESIDENTIAL OR ADMINISTRATION USE .				

				ITEM 2: ADMINISTRATION	Note	BUDGET	EXPENDITURE			BUDGET BAL
4	2	07	000	Maintenance Maintenance of Furniture & Fixtures	1		BAL B/F	FOR PERIOD	TO DATE	
4	2	07	004							

Annex 8b: DDF ALLOWABLE EXPENDITURE

4	2	07	005	Maintenance of Machinery & Plant						
4	2	07	006	Maintenance of General Equipment						
				S/TOTAL						
4	3	00	000	ITEM 3: SERVICE ACTIVITY EXPENSES						
4	3	01	000	Training/Workshop/Seminar and Conference Cost	2					
4	3	01	002	Hire of Venue						
4	3	01	003	Hotel Accommodation						
4	3	01	006	Refreshments/Meals						
4	3	01	009	Training Materials						
4	3	01	010	Tuition Fees						
4	3	02	001	Local Consultants Fees						
				Printing & Publication	3					
4	3	04	004	Advertisements to procure service providers						
				S/TOTAL						
4	4	00	000	ITEM4: INVESTMENT ACTIVITY EXPENSES						
4	4	01	000	Construction Works: New Projects	4					
4	4	01	001	Consultancy fees						
4	4	01	002	Contractors fees						
4	4	01	003	Site Preparation						
4	4	01	005	Permits and legal fees						
4	4	01	006	Construction Materials						
4	4	01	007	Sanitation Facility Only						
4	4	01	009	Water System Only						
4	4	02	000	Property Purchases	5					
4	4	02	002	Purchase of Plant & Equipment						
4	4	02	004	Purchase of Furniture						
4	4	02	005	Purchases of Motor Bike, bicycles etc						
4	4	02	006	Purchase of Computers and accessories						
4	4	03	000	Rehabilitation Expenses	6					
4	4	03	001	Buildings						
4	4	03	002	Plant and Machinery						
				S/TOTAL						

Annex 8c: Notes for Allowable Expenditure

FOR EACH OF EXPENDITURE STATE SPECIFICALLY WHAT THE PAYMENT WAS MADE FOR.	
NOTE 1	

Maintenance		
NOTE 2 Training/Workshop/Seminar and Conference Cost		
NOTE 3 Printing & Publication		
NOTE 4 Construction Works: New Projects		
NOTE 5 Property Purchases		
NOTE 6 Rehabilitation Expenses		