



DOWLAD G. PUNTLAND EE SOOMAALIYA

Wasaarad Arimaha Gudaha, Federalka Iyo Dimuqraadiyeynta

PUNTLAND STATE OF SOMALIA
Ministry of Interior Affairs, Federal and Democratization

Local Government Participatory Planning and
Budget Guide Training Modules
(LG-DPP&BG)

Overview Module

Participant Book “final”

June 2019





Table of Contents

Introduction	6
Introduction Session: Getting Started.....	8
Session 1: What is the district DPP&BG Cycle?	9
Session 2: Planning and Budget Preparation.....	17
Planning and Budget Preparation Steps in Detail	28
5 Year District Development Framework	28
Annual Planning and Budget Preparation Process	35
Session 3: Implementation and Budget Execution.....	48
Budget Execution and Expenditure Management Steps in Detail	51
Session 4: Accounting and Financial Reporting.....	60
Session 5: Auditing and M&E.....	66
District Internal Audit	68
Participatory District Monitoring and Evaluation (M&E)	70
Session 6: Conclusion.....	74
Module Summary.....	74
Assessment & Evaluation.....	74
Glossary of Terms	75
Further Reading	77
Annexes	Error! Bookmark not defined.
Annex 1: District Department Functions and the DPP&BG.....	78

Abbreviations

AIMS	Accounting Information Management System
AWP	Annual Work Plan
CMG	Community Monitoring Group
DBFP	District Budget Framework Paper
DDF	5 year District Development Framework
LEA	Local Economic Assessment
LED	Local Economic Development
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
MOI	Ministry of Interior
MoP	Ministry of Planning and International Cooperation
NGO	Non-Government Organisation
O&M	Operations and Maintenance
PER	Public Expenditure Review
DPP&BG	Participatory Planning and Public Financial Management (interim name for the 'revised PEM' cycle)
ToTs	Trainer of Trainers
VC	Village Council/Committee

Foreword & Acknowledgements

This ‘Overview Module’ will provide an overview to all local government staff and District Councillors, including the Executive. The focus will be the steps in the Local Government DPP&BG cycle (based on the previously used ‘PEM’ cycle), including Planning and Budget Preparation; Implementation and Budget Execution; Financial Accounting and Reporting; and Auditing and M&E.

The aim will be that all staff and Councillors understand the overall cycle, and what their roles are in the different processes. Then, more detailed, technical training can be provided to specific staff, based on these roles.

The minister is acknowledging to the UNDP/JPLG for their support of reviewing the existing PEM and developing the reviewed modules which were renamed to DPP&BG, also the minister appreciates the efforts of the UNDP/JPLG consultant Rebecca who without her talent this PEM review will not take place, likewise the minister acknowledges the support and collaboration of the district’ consultants and departments of planning for their lion share to the revision and re-reviewing the former PEM modules. Last but not least the Minister appreciates the tireless efforts of MOI PEM review team who are : Mohamed Ali Nour (MOIFAD General Director) Yussuf Ahmed Mohamud (Director Planning) Sa,ad Abdulkadir Mohamud (MOIFAD Capacity Development Consultant), and Mohamed Yussuf Musse (MOIFAD expert) for their collaboration and active support to the review of this DPP&BG overview module This document LG DPP&BG was designed for local governments to use it as guide for adopting and usage of their planning and financial management and planning, therefore I propose the districts to adopt this modules as guide dor their planning , budgeting and all aspects of their financial management to strengthen the transparent accountability of their districts dealings.

Mohamed Abdirahman Dhaban-cad

Minister of MOIFAD

Introduction

Aims and Objectives

This ‘Overview Module’ is the first in a series of modules which form a core part of the curriculum in Local Government Participatory Planning and Public Financial Management (DPP&BG) (see Annex 1: DPP&BG Curriculum)

The module aims to provide participants with an overview of the full district DPP&BG cycle, so that they can identify their specific roles in the different processes, and see how this relates to the ‘bigger picture’ of the overall DPP&BG cycle.

By the end of this module participants will be expected to:

- Understand their specific roles and responsibilities in the DPP&BG cycle.
- Describe how their own roles and responsibilities relate to other activities in the wider DPP&BG cycle, and how this fits with other stakeholders.
- Undertake their DPP&BG roles and responsibilities according to the steps outlined in the cycle.

Who is this module intended for?

This module is designed for all district administration employees and District Councillors, specifically:

- The Executive (Mayor, Deputy Mayor, Executive Secretary)
- District Council and its Sub-Committees
- District Department Directors
- All staff of District Departments
- Other relevant district support staff

The module will also be useful for other stakeholder groups, including:

- Regional representatives such as sector officers working at district level, and regional coordinators.
- National level stakeholders including Ministry of Interior (MOI), Ministry of Planning and International Cooperation (MOPIC), Ministry of Finance (MOF), Ministry of Education (MOE) and Ministry of Health (MOH), among others.

Module Delivery Mode

This Participant Book for the DPP&BG Overview Module has been designed for delivery in a face-to-face training setting. However, it is anticipated that some relevant content from the module can be adapted for online delivery. In addition, other training follow up mechanisms will be developed, which could include for example, Facebook groups, What’s App groups, Webinars, and short YouTube videos. These other tools will aim to give participants channels for communication on aspects of the DPP&BG to solve problems, discuss ideas and get peer feedback.

Module Overview and Timings

Module Time: 12 training hours

Delivered Over: 3 days, based on approximately 4 training hours per day

Session	Indicative Timing	Content
Introductory Session: Getting Started	1 hour	<ul style="list-style-type: none"> • Pre-test Questions • Introductions and Icebreakers • Aims and Objectives • Expectations and Ground Rules
Session 1: What is the district DPP&BG Cycle?	2 hours	<ul style="list-style-type: none"> • DPP&BG Definition • DPP&BG Objectives • DPP&BG Cycle • DPP&BG Roles and Responsibilities
Session 2: Planning and Budgeting	2 hours	<ul style="list-style-type: none"> • Planning and Budgeting Calendar • Planning and Budgeting Stakeholders • Planning and Budgeting Documents • Planning and Budgeting Steps
Session 3: Budget Execution	2 hours	<ul style="list-style-type: none"> • Decentralisation Service Delivery • Infrastructure Development • Expenditure and Cash Flow • Budget Monitoring and Revision • Procurement • Asset Management, Debt Management
Session 4: Financial Accounting and Reporting	2 hours	<ul style="list-style-type: none"> • Basis of district accounting • Bookkeeping systems • AIMS/BIMS and IFMIS • Chart of Accounts (COA) • Financial Reporting Requirements
Session 5: Auditing and M&E	2 hours	<ul style="list-style-type: none"> • District Internal Audit Unit • District Internal Audit Committee • Procurement Audit • District M&E framework
Session 6: Conclusion	1 hour	<ul style="list-style-type: none"> • Module Summary • Next Steps • Assessment & Evaluation

Introduction Session: Getting Started

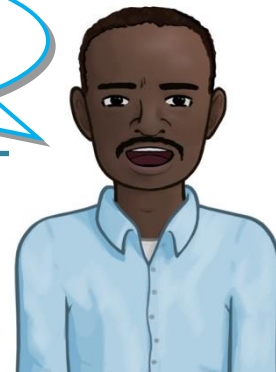
Session Objectives:

- Create a comfortable and encouraging learning environment.
- Provide an overview of the training, including aims and objectives.
- Understand participants' expectations of the training.
- Agree on ground rules for the training.

Here are some topics your trainer is likely to cover in this session:

- Welcome, Introductions and 'Housekeeping'
- Aims and Objectives of the Training
- Expectations and Ground Rules
- Pre-Training Questions

'Webi ba taagtii buu rogmada'



Icebreaker Question

Read Ali's quote—in what ways do you think this quote might relate to good management of public finances?

Discuss your ideas with your neighbour and then in plenary.

Session 1: What is the district DPP&BG Cycle?

Session Objectives:

By the end of this session participants will be able to:

- Outline the purpose and objectives of a PPPFM system.
- Describe the main steps in the PPPFM cycle, and the activities within the steps.
- Identify the main stakeholders in district PPPFM, and their roles and responsibilities.

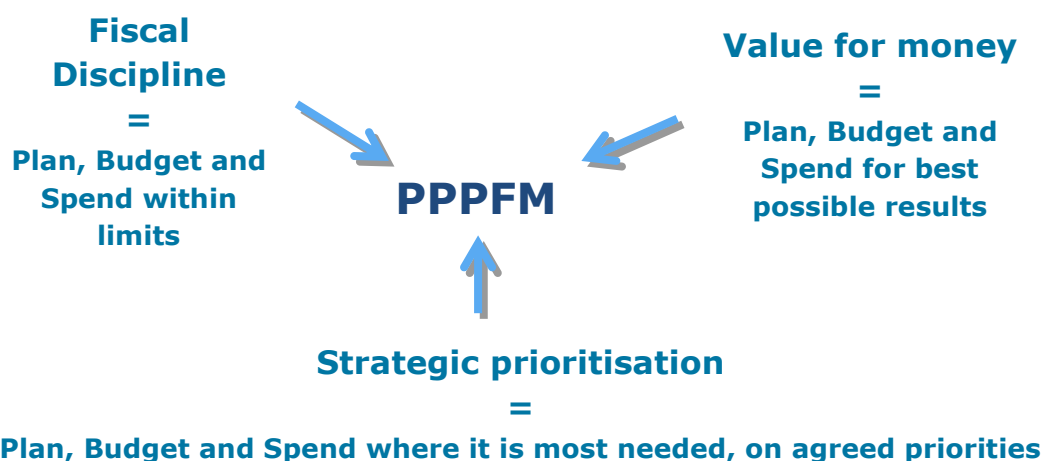
Definition of Public Financial Management (PFM)

PFM refers to the set of laws, rules, systems and processes used by governments to mobilise revenue, allocate public funds, undertake public spending, account for funds, and audit results.

It includes a broader set of functions than just financial management, which is why we use the term 'PPPFM'—**Participatory Planning and Public Financial Management**—to emphasise the important role of Participatory Planning, as a first step before budgeting and other financial activities can take place.

Source: Adapted from <http://www.gsdr.org/professional-dev/public-financial-management/>

What are the objectives of a PPPFM system?



In addition, a good PPPFM system should be transparent, make information available to the public, and use checks and balances to ensure accountability.

Source: Adapted from <http://www.gsdr.org/professional-dev/public-financial-management/>



Exercise 1: PPPFM Scenarios

The following scenarios aim to illustrate the considerations that need to be taken into account by local government decision-makers when it comes to spending public funds, according to the principles of PPPFM. Read the following scenarios and discuss the questions in small groups. Your trainer will guide you further in this activity.

Scenario 1

Abyan District allocated a significant proportion of its development budget for 2016 to an urban waste management program, which was to be funded annually until 2018.

At the end of 2018, the community was asked for their opinions about the success of the program. Many of the comments from community members indicated that they had not noticed any significant change in waste management over the past 3 years, and they were wondering how the money had been spent.

Abyan District itself had not properly monitored the progress of the program, so it while it could demonstrate how the money had been spent, it was unable to explain to the community what the benefits of the program were, and whether it had been a good use of the money or not.

1. Which of the 3 PPPFM principles does this scenario relate to:
 - Strategic prioritisation?
 - Fiscal Discipline?
 - Value for Money?
2. What could Abyan District have done differently in order to get a better outcome from its waste management program?

Scenario 2

When conducting the annual planning and budgeting process for 2017, the Executive of Abyan District agreed that it would be good to build a new primary school in one of the poorer areas of the district. When completed, the school would be opened by the Mayor, and it would enable a lot of children to go to school, who currently don't have access.

When the draft budget and annual work plans were presented at a community forum in October, the people from that part of the district commented that access to schools was not the biggest priority for them, it was water issues which are the most urgent, which they had clearly explained in the community consultation process. They added that a large International NGO is planning to build a primary school in that part of the district in 2017, which the District Council should have been aware of, before drafting its budget and work plans.



Exercise 1: PPPFM Scenarios (Continued)

1. Which of the 3 PPPFM principles does this scenario relate to:
 - Strategic prioritisation?
 - Fiscal Discipline?
 - Value for Money?
2. What could Abyan District have done differently in order to improve its decision-making about what to fund in 2017?

Scenario 3

Abyan District prepared its budget for 2016. After preparing its forecast of revenue and expenditure, it became apparent that the amounts allocated for expenditure were far greater than the expected amounts to be received as revenue.

When the Budget Committee raised the issue with the Executive, the Mayor said *"Let us hope that we will get some unexpected revenue during the year to meet our expenditure commitments. And if this does not happen, we will take out a loan to pay for the additional expenditure"*.

1. Which of the 3 PPPFM principles does this scenario relate to:
 - Strategic prioritisation?
 - Fiscal Discipline?
 - Value for Money?
2. Do you agree with the Mayor of Abyan District? What advice could the Budget Committee give to the Mayor?

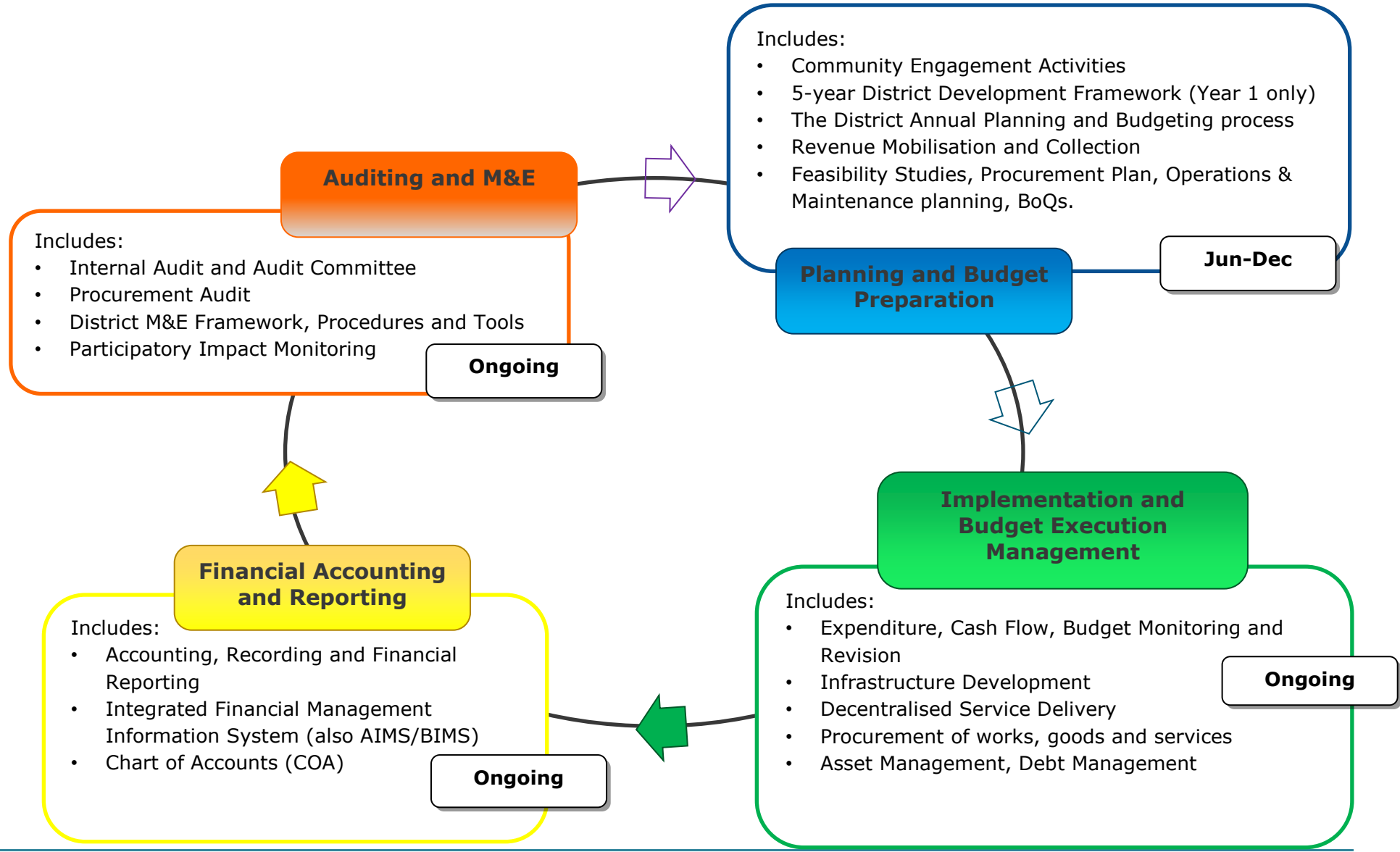


Exercise 2: PPPFM Cycle

Your trainer will present the PPPFM Cycle shown below in **Diagram 1**. Following that, you will be asked to put the different steps of the cycle in order, and then identify which of the activities goes with each step of the cycle.

Your trainer will guide you further in this exercise, which can be done in plenary, or in groups.

Diagram 1: District DPP&BG Cycle



Stakeholder Roles and Responsibilities in DPP&BG

District Council, Executive and District Administration

District Council

- Set policy objectives and determine the development goals of the district.
- Discuss, review and approve the 5 year DDF, district budget and Annual Work Plans.
- Oversight and monitoring of progress in implementation of the district budget according to priority areas.

Mayor

- Provides the political and administrative direction for the implementation of the PPPFM process.
- Represents the district level administration in public forums and consultations, and engages with national and regional level organisations.
- Fulfils functions according to Law no. 7.

Executive Secretary

- Provides the executive and administrative support and coordination for the district departments.
- Supervises the preparation and implementation of the PPPFM process at the technical level.
- Fulfils functions according to Law no. 7.

District Department Directors

- Formulate their department priorities and components of the 5 year DDF.
- Provide their departmental inputs to the annual district planning and budgeting process.
- Accountable for the implementation of services relevant to their departments, (see **Annex 1** for Functions of District Departments).

The Executive / Permanent Committee

- Reviews the 5-year DDF.
- Reviews costed district priorities annually.
- Oversees implementation of District Council policies.

Budget Committee

- Prepares the draft budget which must be balanced.
- Provides technical input to make revenue projections.
- Assists in the preparation of departmental budgets and work plans.
- Ensures District departments observe the formal requirements for the budget, including deadlines.

National and Regional

MOI

- Provides guidance on national requirements and policies to include in district work plans and budgets.
- Provides technical support and monitors DDF, budget and AWP and preparation of these documents.
- Receives DDFs, budgets, AWPs and financial reports from the districts.
- Coordinates and oversees capacity development support and facilitation of district personnel.
-

Ministry of Planning

- Provides national level planning guidance and integration of district level plans to national planning goals.
- Provides technical support for district level planning.
- Ensures international development partner support is aligned with the district DDFs.
- Receives data from districts to inform the Puntland Development Plan and provides data and information on national priorities and plans.

Sectoral Ministries (e.g. Health, Education)

- Provide input on national level/sector priorities, to guide the development of the 5 year DDF and district annual planning process.
- Provide indication of resource allocations to districts in sector areas as part of the annual budgeting process.
- Technical support and assistance in specific sector areas in relation to planning, project implementation, and service delivery.
- Ongoing decentralisation of sector functions to district level, in accordance with the Decentralisation Policy and Road Map Implementation Plan.

Ministry of Finance

- Ensures fiscal transfers in accordance with functions decentralised to the district level.
- Responsible for fiduciary risk control at the district level.
- Guides the annual budgeting process for districts, by providing timely and accurate information on allocations from central to district level.

Regional Administrations

- Provide the link between district and national level planning.
- Regional coordinators to bring planning processes together between districts in the same region.
- Regional sector officers to assist with the ongoing decentralisation of functions to districts (eg in Education, Health).

Community

**Village
Councils /
Committees**

- Participation and liaison on the community consultations as part of the 5 year DDF development.
- Validation of the draft DDF document, and feedback on annual district budget and work plans.
- Serve as the link between the district and the community.

**Community
Monitoring
Groups**

- Monitor individual projects and service delivery in communities.
- Report to the District Council and Mayor on the results of monitoring activities.
- Serve as a link between the district and the community.

**Community
members**

- Participate in community consultations and public meetings related to PPPFM.
- Participate in civic education and awareness-raising activities on the PPPFM.
- Hold district representatives to account through bodies such as VCs/CMGs.


Exercise 3: PPPFM Cycle Community Involvement

It will be important to ensure that women, youth and other groups have opportunities to participate fully in the different steps of the PPPFM cycle, particularly in the Planning & Budgeting step, which includes Community Consultations for the 5 year DDF (see **Diagram 2** below). Here are some examples of the obstacles that women have said they face when it comes to participating fully in community consultations:

"Timing of the consultations is a problem because the women are busy with housework."

"Within the consultation process the women are suppressed because the elderly men are not allowing women to talk."

"Village committees are male dominated, maybe only one woman."

Source: Report on Women in LG workshop, UNDP-JPLG Jan 2016

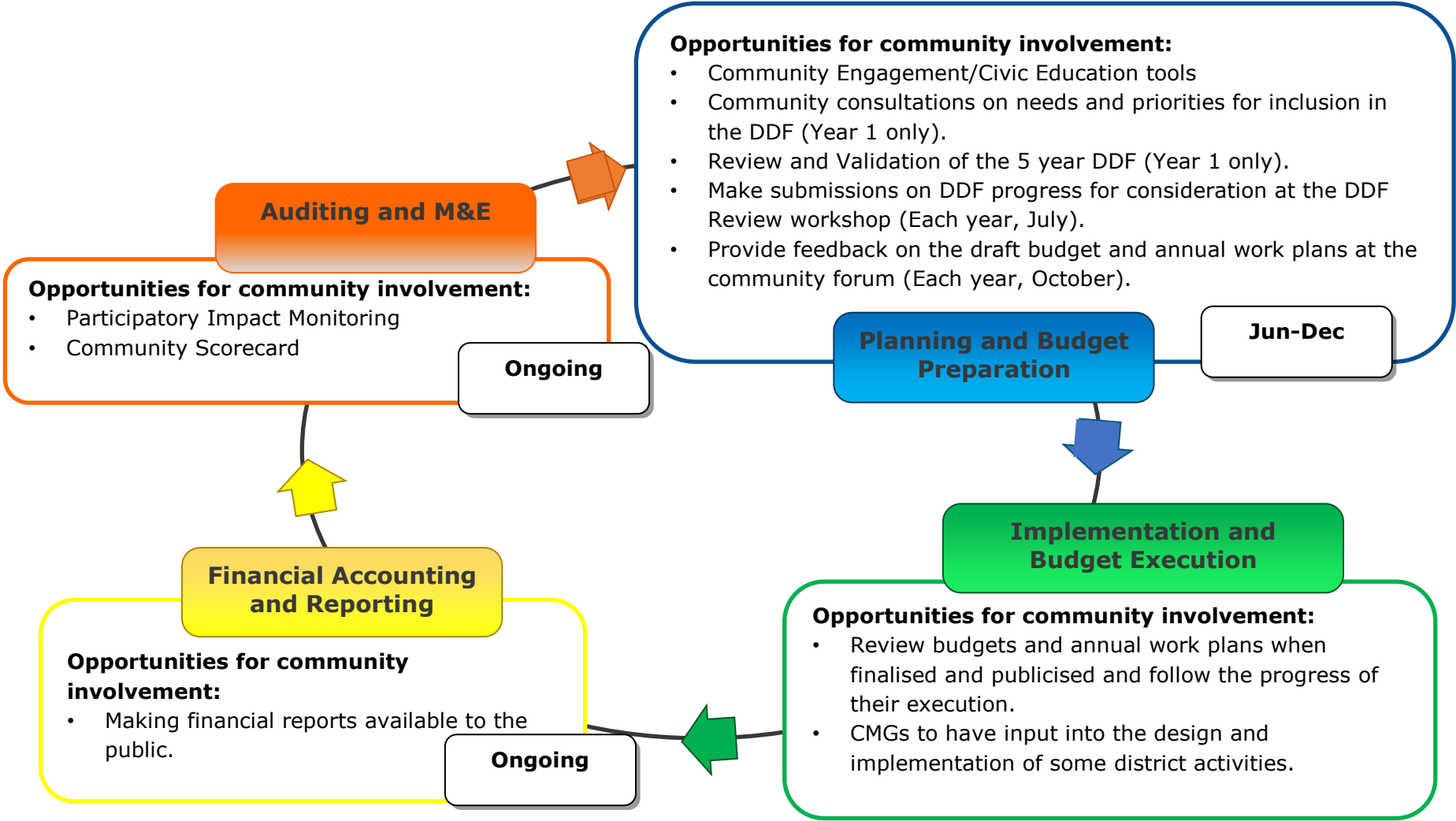
Work in groups to discuss:

What are the issues that might be faced by women and other marginalised groups when it comes to participating fully in the PPPFM cycle? What can be done to address these issues?

Your trainer will assign your group to focus on issues relating to one of the following:

- Women
- Youth
- People with disabilities

Diagram 2: Community Involvement in the District DPP&BG Cycle



Session 2: Planning and Budget Preparation

Session Objectives:

By the end of this session participants will be able to:

- Describe the sequencing of the steps in the district Planning and Budgeting calendar, in terms of when the different activities should take place.
- Identify the main stakeholders in the Planning and Budgeting step, and their roles and responsibilities.
- Outline the key Planning and Budgeting documents that districts must produce, and explain how each is relevant to the Planning and Budgeting process.

Planning and Budget Preparation

Includes:

- 5-year District Development Framework (Year 1 only)
- The District Annual Planning and Budgeting process
- Revenue Mobilisation and Collection
- Feasibility Studies, Procurement Plan, Operations & Maintenance planning



What's in this step?

- This step in the PPPFM cycle includes all the activities that a district must undertake to ensure it follows a proper planning process, that reflects the needs of the communities within the district.
- Community engagement, including the use of civic education tools are an important element of this step.
- This step also includes the preparation of the detailed annual budget, showing all capital and recurrent revenues and expenditures for the district in the coming year.
- As part of this step, the different revenue sources from the district are estimated, as well as anticipated transfers from central government.
- An annual work plan is prepared, which details the specific, costed, activities that the district will undertake in the coming year.
- Important activities in this step include conducting feasibility studies for any proposed activities for the coming year, as well as ensuring that there is a plan for the operations and maintenance of any district assets produced as a result of the activities. A procurement plan should detail all procurement (goods, works and services) that will be needed to implement the district's annual work plan.



Exercise 4a: Analysing the District Planning and Budgeting Process

There are some tools in this session to help you understand the District Planning and Budgeting process, which has two components:

- The 5 year District Development Framework (prepared once every 5 years).
- The District Annual Planning and Budget Preparation process (which is done each year and includes the district budget and annual work plans).

Both of these components are broken down into smaller activities. Your trainer will divide you into groups and assign you some of these activities. For each activity answer the following questions:

1. When does the activity take place? (Refer **Diagram 3: P&B Calendar**)

- Is it done each year or only once every 5 years?
- What are the activities that precede and follow this activity?

2. Who are the key stakeholders for this activity?

- Identify the district, community and national/regional stakeholders who have some part in this activity. (Refer **Diagram 4: P&B Stakeholders**)
- List the specific roles of each stakeholder for the activity (Refer **Planning and Budgeting Steps**)

3. What are the key Planning and Budgeting Documents related to the activity? (Refer **Table 1. Key Planning and Budgeting Documents**)

Your group will present its findings in plenary. Your trainer will give you further instructions for this activity.

Diagram 3: District DPP&BG Calendar—Planning and Budgeting

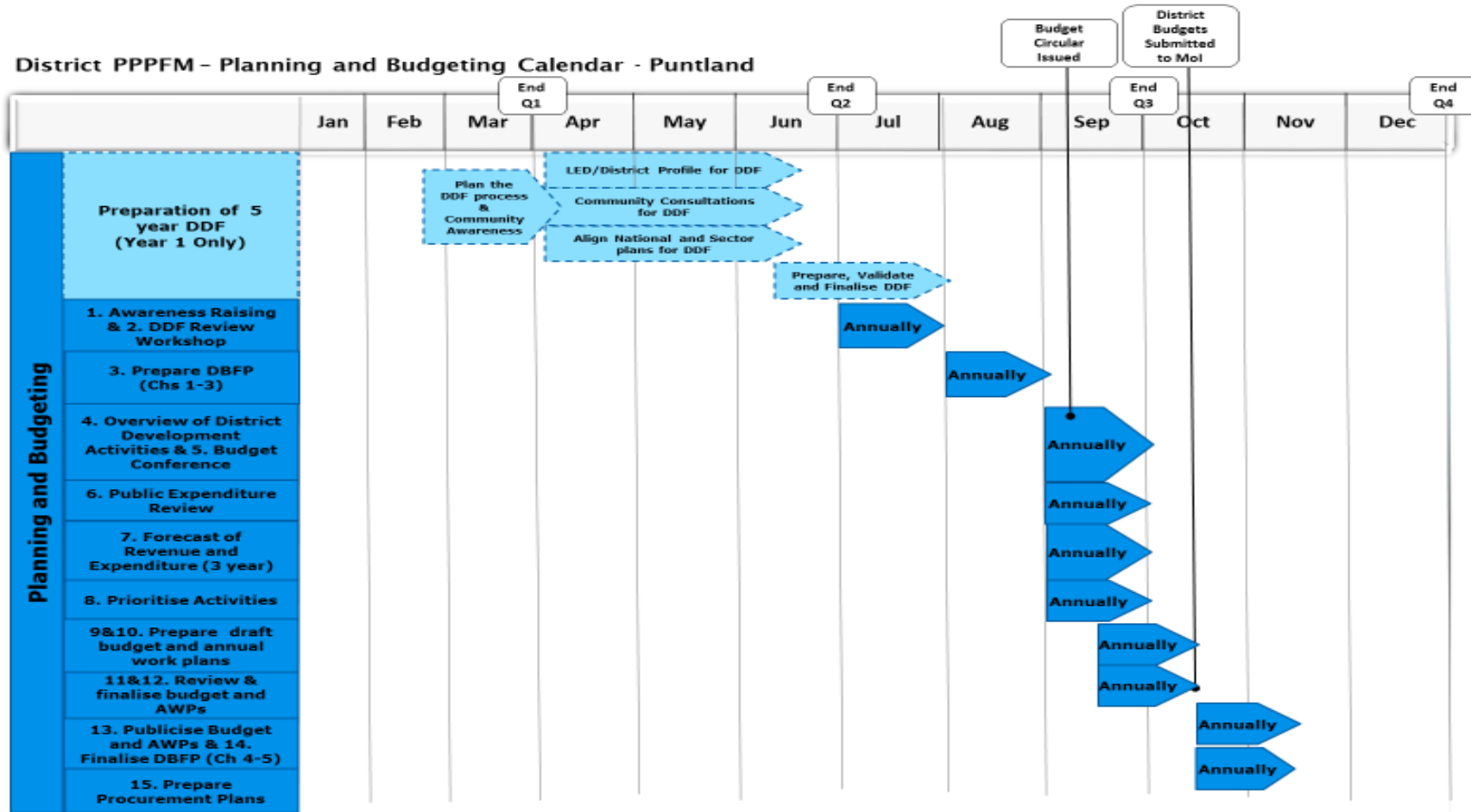


Diagram 4: Planning and Budgeting Stakeholders

Table 1: Key Planning and Budgeting Documents

What is it?	What is its purpose?	Who produces and when?	How does this document help the planning and budgeting process?
<p>The 5-year District Development Framework (DDF)</p> <p>A planning document to guide the vision, priorities and objectives of the district, ideally coinciding with the 5 year term of each District Council.</p>	<ul style="list-style-type: none"> To provide an analysis of the current situation in the district, through the District Profile. To assess the economic situation in the district and identify opportunities for local economic development (LED) over the 5 years of the DDF, through an LED plan. To identify community needs and priorities for the coming 5 years, through the Community Consultation process. To align district planning with other planning processes at National level, with an important focus on sector planning. To derive a vision for the district over the coming 5 years and under this, identify key priority areas for the district to tackle, as well as set objectives for these priorities over the coming 5 years. To set targets and indicators as the basis of the district M&E framework. 	<p>The DDF is produced once every 5 years, commencing in March and concluding at end of July (in Year 1 only).</p> <p>The DDF should be reviewed annually (in July of Year 2-5), to make sure the priorities and objectives are still relevant, and the information in the District Profile is still accurate.</p>	<p>The DDF sets the framework for all development activities in the district for the coming 5 years.</p> <p>It provides a planning framework for the district that other development ‘actors’ can work within, to ensure that all development activities in the district are in accordance with the needs and priorities of the district.</p> <p>It provides a mechanism for linking district level planning with regional and national level planning.</p> <p>It allows for a thorough community consultation process on the needs and priorities of the community.</p> <p>It provides a platform to collate all relevant data at district level, as part of the District Profile process.</p>

What is it?	What is its purpose?	Who produces and when?	How does this document help the planning and budgeting process?
<p>Overview of District Development Activities</p> <p>A table which captures all proposed and ongoing development activities in the district, including those funded/implemented by external bodies, not only by the District itself.</p>	<ul style="list-style-type: none"> To give an overview of all district development priorities for the coming year (and following 2 where possible), across all sectors and across all funding sources (not just those funded or implemented by the local government). The table contains information on activities, estimated costings, funding sources, and timeframe. 	<p>This table is prepared by the Department of Planning, along with other stakeholders in September each year and can be revisited and updated every 6 months. This is so that the district has up to date information about the activities taking place (particularly those funded or implemented by outside organisations, for example NGOs).</p>	<ul style="list-style-type: none"> The table helps the district to get a complete picture of what is planned and what is happening in the district, prior to the Budget Conference. Districts can be more strategic in their prioritisation of their activities, for example, if an NGO is constructing a primary school in a village, there is no need for the district to construct a school in that same village.
<p>Appraisals/Feasibility Studies</p> <p>Assessments on the feasibility of a project or activity.</p>	<ul style="list-style-type: none"> The reports from feasibility studies indicate whether a project should go ahead or not. The extent of an appraisal/feasibility study will depend on how large the project is. Projects of a larger scale and cost will require more in depth feasibility studies to be conducted. 	<p>Appraisals/Feasibility Studies for works projects are conducted by the Department of Public Works (District Engineer).</p> <p>Feasibility Studies conducted by District Public Works and supported by the Ministry of Public Works engineers are applied on big projects where costs are exceeding over USD 100,000, for example, tarmac roads. Other projects whose costs are less than that amount require a project appraisal form.</p>	<ul style="list-style-type: none"> The feasibility studies indicate whether a project can be included in the coming year’s Annual Work Plan, or whether it is not feasible to undertake.
<p>Operations and</p>	<ul style="list-style-type: none"> The O&M plan ensures that any new asset is properly budgeted for, so that the asset can 	<p>The O&M plan is produced in September each year, as part of the</p>	<ul style="list-style-type: none"> Activities can appear in the district budget along with

What is it?	What is its purpose?	Who produces and when?	How does this document help the planning and budgeting process?
<p>Maintenance (O&M) Plan</p> <p>A plan of the estimated O&M costs for proposed and ongoing development and service delivery activities in the district.</p>	<p>operate as intended when completed. For example, a health clinic will need to have adequate funding for staff, equipment and repairs, and these costs should be reflected in the O&M plan.</p>	<p>Overview of District Development Activities, so that any activities planned for the coming year are properly budgeted for in terms of their O&M.</p> <p>The O&M costs should be estimated by each department/sector for each of their proposed activities, and then compiled by Department of Administration and Finance.</p>	<p>adequate consideration of the cost of operating and maintaining assets or delivering services.</p>
<p>District Expenditure Performance Analysis Report</p>	<ul style="list-style-type: none"> This report is an output of the Public Expenditure Review (PER) process. It aims to analyse the district's performance in implementing the previous year's budget and assessing district spending against set objectives and targets. 	<p>This is an output of the Public Expenditure Review, carried out each September.</p> <p>The report is prepared by the Department of Administration and Finance and Department of Planning.</p>	<p>This document can assist with planning and budgeting for the coming year, as it can identify improvements in terms of where and how the district spends its resources.</p>
<p>Budget Circular</p>	<ul style="list-style-type: none"> Issued each year, it provides initial instructions to guide the district budget process for the coming year. This includes instructions to local governments on how budgets should be allocated, for example, what proportion of the budget to be spent on salaries, operational costs, and development projects. 	<p>This document is prepared by the Ministry of Finance and is sent out in mid-September, prior to the Budget Conference.</p>	<p>The budget circular should contain indicative figures for districts on transfers from central government, as well as guidance on how to prepare the budget for the coming year.</p>
<p>Forecast of Revenue and</p>	<ul style="list-style-type: none"> This document provides realistic projections of the revenue a district will receive from 	<p>This document is prepared by the Department of Administration and</p>	<p>These estimates can be directly used</p>

What is it?	What is its purpose?	Who produces and when?	How does this document help the planning and budgeting process?
Expenditure	<p>Central Government, as well as its Own Source Revenue.</p> <ul style="list-style-type: none"> The document also includes estimates on expenditure for the coming year, including recurrent and capital expenditure and ongoing budget commitments. 	Finance, with input from Department Directors in terms of estimated expenditure from their departments. It is prepared in September of each year.	to prepare the district budget.
The District Annual Budget	<ul style="list-style-type: none"> The overall District Budget is compiled from the individual departmental budget estimates. There are three elements to the overall district budget: <ul style="list-style-type: none"> Revenue budget Recurrent budget Development budget 	This document is prepared by the Budget Committee, with assistance from the Department of Administration and Finance in October.	The budget outlines all district spending in the coming year, and provides the basis for the annual work plans of the district.
District Annual Work Plans Recurrent and Capital	<ul style="list-style-type: none"> A Work Plan is a statement that expresses the activities the District intends to perform over the coming year, the resources each activity will require, as well as the output from each activity. 	These are produced in October and are annexed to the District Budget.	The work plan should be referred to constantly throughout the budget execution process, to ensure that the planned activities are taking place and are being conducted within allocated spending and timeframes.
District Budget Framework Paper A document which summarises key elements of the planning and budgeting process.	<ul style="list-style-type: none"> DBFP is a tool that enables integrated planning and budgeting while articulating a district's five year budget strategy. It contains revenue and departmental performance, three year indicative departmental allocation targets, annual work 	Chapters 1-3 of this document are prepared in July-August, around the time of the DDF review workshop. The document is finalised in November, with the inclusion of Chapters 4-5, by the Planning, Administration and Finance	This document can inform the overall planning and budgeting process and is useful to prepare other documents such as: <ul style="list-style-type: none"> Forecasts of Revenue and Expenditure

What is it?	What is its purpose?	Who produces and when?	How does this document help the planning and budgeting process?
	<p>plan and budget estimates.</p> <ul style="list-style-type: none"> • It ensures compliance with national priorities and helps districts to operate with realistic budgeting through multi-year and budgeting framework. • In addition, it helps focus on intended results of expenditure by setting objectives, targets and measuring performance. 	<p>Departments and the Executive Committee. Also, the members of budget committee and Department Directors who are charged with the responsibility of preparing their departmental budgets.</p>	<ul style="list-style-type: none"> • District Expenditure Performance Analysis Report
Procurement Plan	<ul style="list-style-type: none"> • The procurement plan identifies all procurement that will be required to execute the budget, including procurement of all goods, works and services. 	<ul style="list-style-type: none"> • This is done by each department after the budget has been approved (Nov-Dec). 	<p>Once the procurement plan has been developed, districts can start implementing the activities in their annual work plans.</p>

Diagram 5: Steps in DDF preparation (Year 1 only)

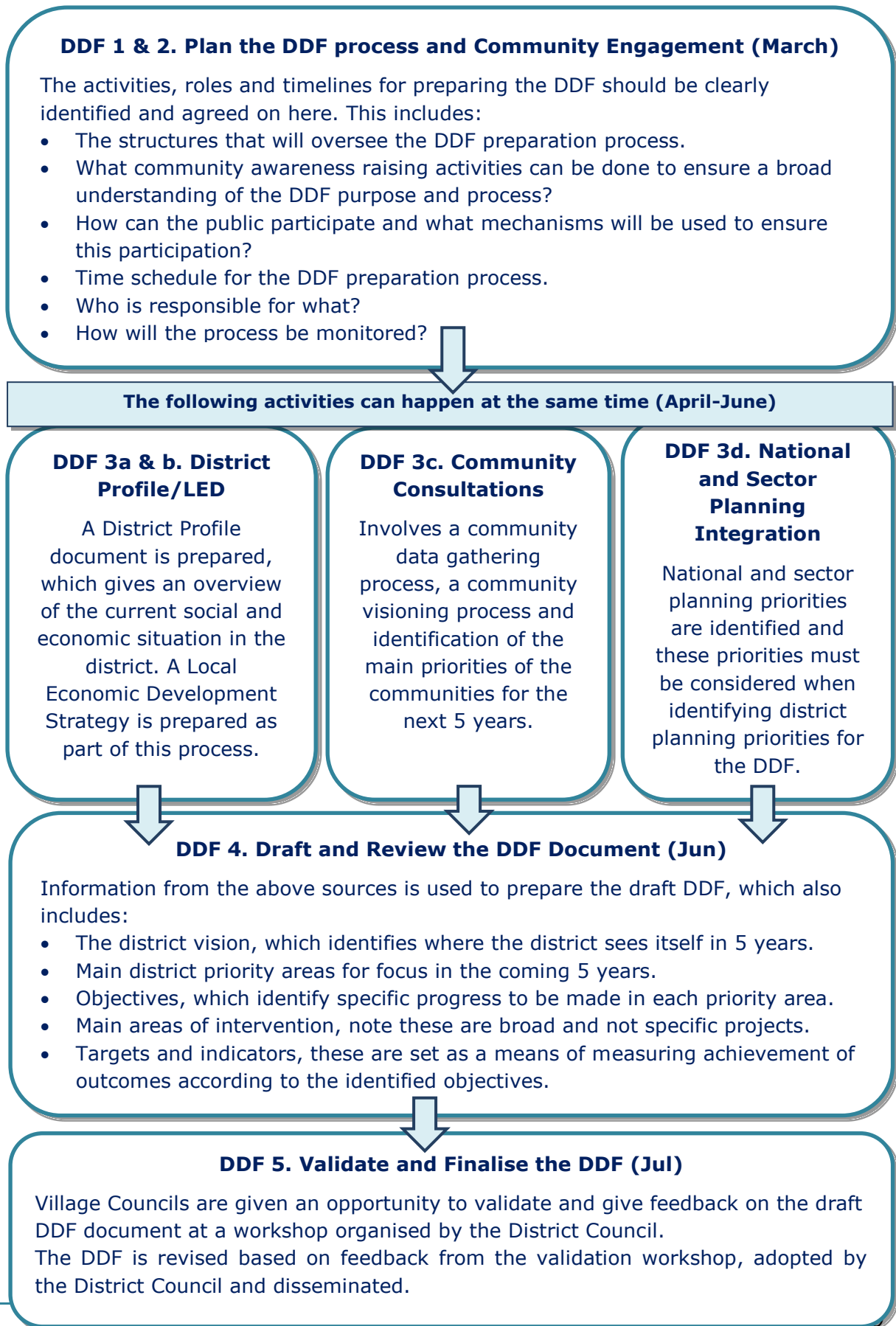


Diagram 6: Steps in the District Annual Planning and Budgeting Process (All years)

July–August

1-3. Community Engagement and DDF Review Workshop

This includes:

- Community engagement on the upcoming annual planning and budgeting process. This can be through media, it does not necessarily require a public meeting.
- Internal workshop to review the contents of the DDF each year, to ensure it is still accurate and relevant, particularly in terms of district priorities, targets and objectives.
- National and sector plans should also be revisited as part of the process.
- M&E data is examined, to determine progress achieved in the previous year towards the DDF objectives and targets. Results to influence the activities in the Overview of District Development Activities.
- At this time, Chapters 1-3 of the District Budget Framework Paper are prepared/reviewed.



September

4-5. Forum on District Development Activities & Budget Conference

This includes:

- Planning forum to bring together all the relevant stakeholders, to capture all activities to be undertaken by the district in the coming year (includes projects and service delivery activities, also activities to be undertaken by other development 'actors' in the district e.g. INGOs.)
- Priority activities with estimated costings can be determined here, particularly from the sectors.
- O&M plans for planned activities should be prepared.
- District Budget Conference of key stakeholders to discuss development priorities based on the budget envelope.
- Indicative planning figures of proposed central government transfers, and donor and NGO funding.
- Budget Circular issued just prior to Budget Conference.

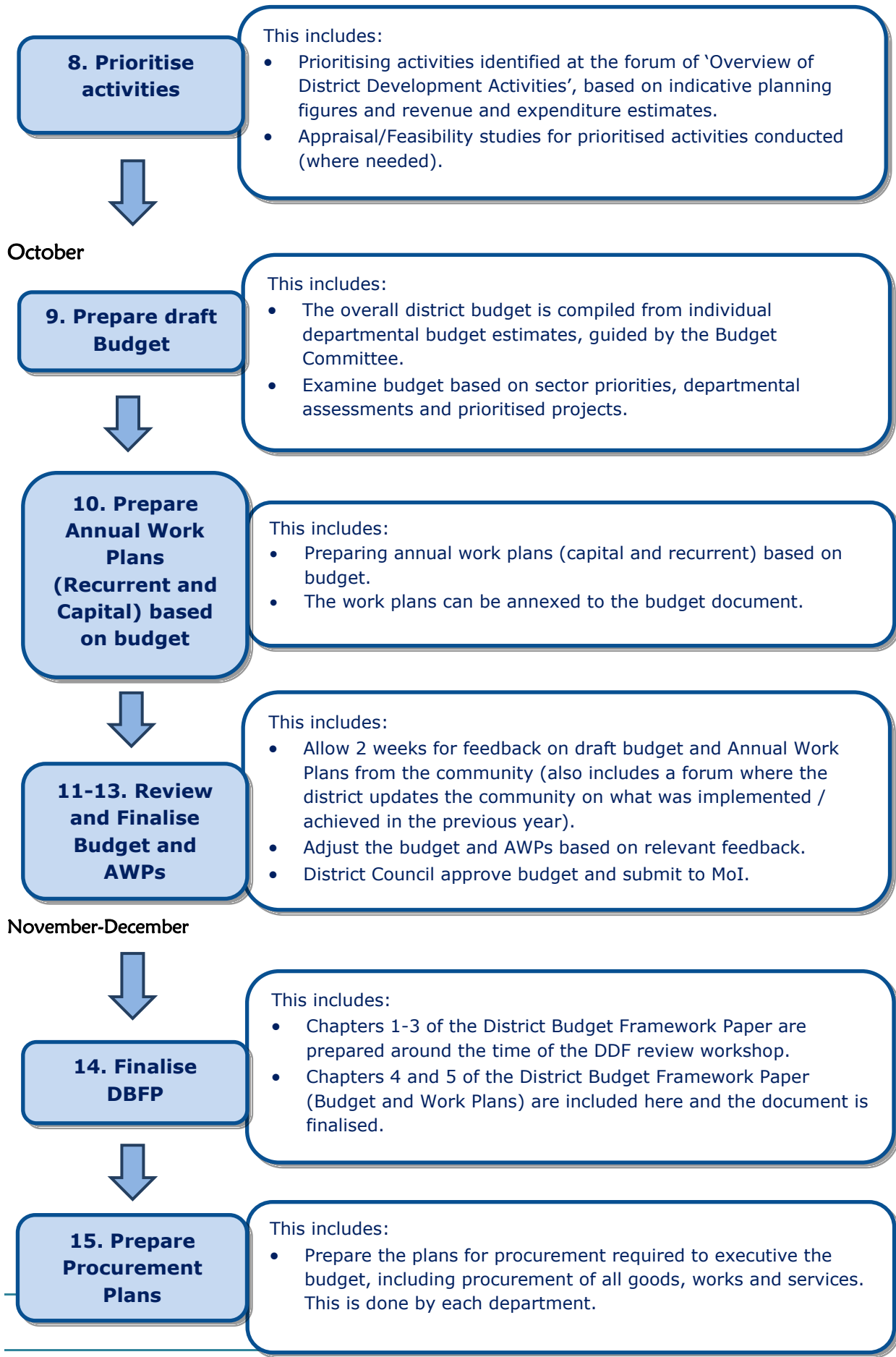


6-7. Public Expenditure Review & Forecast of Revenue and Expenditure

This includes:

- Analysis of previous year's expenditure performance in implementing the previous year's budget of the district.
- Assessing district spending against set objectives and targets for each department.
- Forecast of revenue prepared for all revenue sources, including district's own source revenue.
- Expenditure estimates for all departments, sections and units, including recurrent and capital expenditure and ongoing budget commitments.
- Estimates and forecasts should show indicative figures for the 2 following years where possible.





Planning and Budget Preparation Steps in Detail

5 Year District Development Framework

DDF 1. Planning the DDF process

When:	March (Year 1 only)	
Purpose:	<ul style="list-style-type: none"> Identify responsibilities and timeframes for the DDF preparation. Identify community awareness raising activities to be done in advance of the DDF preparation, so that the general community understands the process that is about to take place. Agree on processes for the elements of the DDF, including District Profile, LED, Community Consultations, and ensuring integration with National/Sector/Regional plans. 	
Output:	An agreed plan showing timelines, responsibilities and community awareness raising activities.	
Who:	Mayor	Facilitates meeting to plan the DDF preparation process.
	Executive Secretary	Attend meeting to plan the DDF preparation process.
	Sub-Committee	Attend meeting to plan the DDF preparation process.
	Planning Department	Prepares plan for DDF preparation process.
	Heads of Departments	Attend meeting to plan the DDF preparation process.
	MOI	Invite relevant representatives to attend the meeting.

DDF 2. Community awareness-raising on the DDF process

When:	March (Year 1 only)	
Purpose:	<ul style="list-style-type: none"> Conduct community awareness raising activities in advance of the DDF preparation, so that the general community understands the process that is about to take place, in terms of when it will take place, and how people can be involved. A particular emphasis of the awareness-raising should be on encouraging women, youth and other minority groups to participate in the upcoming community consultations as part of the DDF process. 	
Output:	A community awareness-raising plan, to be executed in advance of the community consultations.	
Who:	Sub-Committee	Oversee the conduct of the community awareness-raising activities on the DDF and support the Social Affairs Department

		in these activities.
	Social Affairs Department	Prepare and implement community awareness-raising activities on the DDF, using appropriate tools such as: <ul style="list-style-type: none"> • tv and radio announcements • notices in public places • sms messages • local newspapers and websites Note that the methods used should aim to reach out to women, youth, and other minority groups within the community.
	Village Councils/ Committees and Community Monitoring Groups	Support the implementation of community awareness raising activities.
	General public	Will have a good understanding of the upcoming DDF process and the community's role in the community consultations, as a result of the awareness raising activities.

DDF 3a. District Profile

When:	Apr-Jun (Year 1 only)	
Purpose:	<ul style="list-style-type: none"> • Collect data which will provide an overview of the current social and economic conditions of the district. • Key areas include: Social Profile, Economic Profile (including data on local businesses), Environmental Profile, Urban Structure, Public Administration, Transport Profile, and Technical Infrastructure. 	
Output:	A District Profile document, summarised for inclusion in the DDF, which informs the priority areas for the coming 5 years of the DDF's lifespan.	
Who:	Department of Planning	<ul style="list-style-type: none"> • Responsible for the data collection process. • Collect, verify and synthesise data from other departments and institutions. • Prepare and write the District Profile.
	Sub-Committee	Oversee the development of the District Profile
	District Department Directors	Provide data for inclusion in the District Profile.
	Mayor/Executive Secretary	Provide guidance on data collection for the District Profile.
	Data Collectors	The collection of data from various sources could be outsourced if required.
Related Training:	<i>The 5-year DDF: Module 1—District Profile</i>	

DDF 3b. Local Economic Development

When:	Apr-Jun (Year 1 only)	
Purpose:	<ul style="list-style-type: none"> Local Economic Development (LED) is a participatory, area-based approach for local government, private sector, and civil society to work together in utilizing local resources and capacities for employment creation and income generation. LED tools such as a Local Economy Assessment (LEA) are designed to show the potential for economic growth in a locality, and these economic priorities can be incorporated into the 5-year DDF as priority areas. Note that there is some overlap between data to be collected for the District Profile, and data to be collected as part of the LEA. This should be coordinated in advance, to ensure that the same data is not collected twice. 	
Output:	An LEA and an LED strategy, both of which provide input into the DDF.	
Who:	Department of Planning	<ul style="list-style-type: none"> Facilitate dialogue on LED between private sector and civil society (e.g. workers' organisations, employers, community based organisations) Conduct LED data collection and analysis. Work in conjunction with the community to develop the LED strategy. Ensure that aspects of the district LED strategy are incorporated into the DDF.
	Sub-Committee	Facilitate dialogue on LED between private sector and civil society (e.g. workers' organisations, employers, community based organisations).
	Mayor/Executive Secretary	<p>Guide the Local Government's inputs into the LED process, including:</p> <ul style="list-style-type: none"> Conduct LED orientation workshops with key private sector and civil society leaders to convey the LED approach for the community's economic development. Facilitate the LED Forum to discuss and plan activities. Mobilise resources and coordinate public funds, private sector investments, and community resources to maximize their effectiveness in planned activities. Carry out evaluations of planned activities. Monitoring and analysis of the local economic interventions (e.g. investment climate, labour supply).
	Civil Society/NGOs	Participate in dialogue on LED and in LED forums
	Private Sector	Participate with local government in Public-Private Dialogues (PPD) on LED and in LED forums, to explore and implement concrete actions that support a business-enabling environment. For example, in areas such as registering a business, construction permits, access to electricity, registering land and property, access to credit, paying taxes, protecting investors, and enforcing contracts.

The LED process in detail

The district LED process is the way of strengthening economic development at the local level for district's revenue promoting and job creation for its youth. The LED process has the following 7 steps:

Step 1. The municipality needs to allocate the responsibilities of LED to an official and to a committee.

Step 2. Identify stakeholders and set up the stakeholder group to work with the municipality to identify what needs to be done to promote LED.

Step 3. Gather information and data such as employment statistics to understand the current local economy and the status of the employment, education and skills.

Step 4. Involve the public in forums to give information and ideas about needs, issues and opportunities for local economic development.

Step 5. Stakeholder analysis to pick up the pattern of the economic activity in the area and the factors that impact positively or negatively.

Step 6. All the stakeholders should input into the design of action plans and the allocation of the responsibility for implementation.

Step 7. The municipality should gather the information and data on a regular basis to enable the stakeholder group to monitor and support the delivery of action plan.

The information gathered in Steps 3-7 should also be reflected in the district's DDF as well as the annual planning and budgeting process.

Success story: How an LED process can help—revitalising Abyan District’s fisheries sector

Abyan District is a coastal district and its inhabitants depend mainly on fishing as their main productive sector for a source of livelihood. Local fishermen are handicapped by both geographical and infrastructural challenges restraining their capacity to produce sufficient fish stock and access local market for their products. Despite the district having one of the largest fishing grounds along the Somalia shores, productivity has been low and this is solely due to lack of quick access to markets owing to the remoteness, poor road network, lack of fish handling and cooling facilities and inadequate fishing equipment.

In 2014, the district together with the LED forum designed a project which addressed these bottlenecks by supporting the establishment of a fishing cooperative to manage the affairs of the fishermen, such as storage and marketing, provide better fishing equipment to enhance productivity and procure a cooling van which will be used to transport fish from the source to local markets. The project brought together 100 fishermen who were previously working individually and organized them into a co-operative, provided capacity building trainings on how to work together as a union, as well as selecting a leadership structure to oversee management of the group affairs.

This LED initiative has enabled local fishermen to increase their productivity and access markets much quicker than before, translating to increased income and improved livelihoods of Abyan’s fisheries community, while a booming fishing sector has also resulted to an increase in revenues generated by the local government through taxing of the trade.

DDF 3c. Community Consultations

When:	Apr-Jun (Year 1 only)	
Purpose:	Facilitate a visioning process in communities, to get an overview of the most important challenges, needs and long term priorities of the communities for their social and economic development.	
Output:	A Village/Cluster Priority Assessment Format	
Who:	Department of Social Affairs	<ul style="list-style-type: none"> • Coordination of the community consultation process. • Ensure that women, youth and other minority groups are adequately represented in the community consultation process.
	Sub-Committee	<ul style="list-style-type: none"> • Support to the community consultation process

	Department of Planning	<ul style="list-style-type: none"> Support to the community consultation process
	Village Councils/ Committees and Community Monitoring Groups	<ul style="list-style-type: none"> Focal point for mobilising communities to engage in community consultations. Ensure that women, youth and other minority groups are adequately represented in the community consultation process.
	District Based ToTs (from the Department of Social Affairs)	<ul style="list-style-type: none"> Conduct the consultations in communities, as well as train VCs and CMGs in the community consultation process.
Related Training:	<i>The 5-year DDF: Module 2—Community Consultations</i>	

DDF 3d. Integrating National and Sector plans

When:	Apr-Jun (Year 1 only)	
Purpose:	Ensuring that the priorities in the DDF are aligned with National, Regional and Sector Plans and vice versa.	
Output:	A document on national and sector priorities, which can guide the districts when identifying their own priorities for the DDF.	
Who:	Mayor / Executive Secretary	<ul style="list-style-type: none"> Conduct consultations with national/sector/regional stakeholders on national priority and sector ministry requirements for inclusion in the DDF.
	Department of Planning	<ul style="list-style-type: none"> Prepare a brief document (National and Sector priorities), outlining national/sector/regional priorities, based on research and consultations.
	MOI	<ul style="list-style-type: none"> Provide oversight and support to the process, including facilitation of consultations between districts, sector ministries and regional bodies.
	Ministry of Planning	<ul style="list-style-type: none"> Participate in consultations and provide information to districts on the National Development Plan, and other relevant planning documents.
	Sectoral Ministries	<ul style="list-style-type: none"> Provide guidance on sector priorities for the DDF. Amend their own sector strategic plans where relevant, to capture priorities in the DDF.
	Regional Administration	<ul style="list-style-type: none"> Provide guidance to districts from a regional planning perspective, particularly to link priorities between different districts.
Related Training:	<i>The 5-year DDF: Module 3—Preparing the DDF</i>	

DDF 4. Preparation and Review of draft DDF

When:	June (Year 1 only)	
Purpose:	To consolidate information gathered from District Profile, LED, Community Consultations and National/Sector planning, and prepare the 5 year DDF.	
Output:	A draft DDF document.	
Who:	Sub-Committee	<ul style="list-style-type: none"> • Develop the district vision • Identify district priority areas, based on information provided by the Planning Department. • Review the draft DDF document.
	Mayor / Executive Secretary	<ul style="list-style-type: none"> • Oversee the preparation of the draft DDF. • Review the draft DDF document.
	District Department Directors	<ul style="list-style-type: none"> • Identify priority areas and intervention areas. • Review the draft DDF document.
	Department of Planning	<ul style="list-style-type: none"> • Prepare the draft DDF document. • Prepare information for the Economic and Development Sub-Committee to make decisions on priority areas. • Develop draft objectives based on priority areas. • Develop indicators and targets for DDF objectives.
	MOI	<ul style="list-style-type: none"> • Provide support to the process of developing a district vision, and setting priorities, objectives, indicators and targets.
	Village Councils/ Committees	<ul style="list-style-type: none"> • Receive a copy of the draft DDF in advance of the validation workshop, in order to review and provide feedback.
Related Training:	<i>The 5-year DDF: Module 3—Preparing the DDF</i>	

DDF 5. Validate and Finalise DDF

When:	July (Year 1 only)	
Purpose:	A validation workshop, which involves key stakeholders in the district, to give feedback on and validate the draft DDF.	
Output:	A final version of the DDF, approved and adopted by the District Council.	
Who:	Department of Social Affairs	<ul style="list-style-type: none"> • Validation workshop preparation and coordination.
	Department of Planning	<ul style="list-style-type: none"> • Assist with workshop preparation and coordination. • Collates any feedback from the workshop and revises draft DDF based on feedback. • Prepare dissemination strategy for the DDF.
	Mayor	<ul style="list-style-type: none"> • Facilitates validation workshop.
	Sub-Committee	<ul style="list-style-type: none"> • Supports the validation workshop. • Presents draft DDF at the workshop.

	Village Councils/ Committees	<ul style="list-style-type: none"> Attend validation workshop and provide feedback, based on draft DDF document previously received. Validate DDF vision, priorities, objectives, targets and indicators.
	Ministry of Planning / MOI / Regional representatives	<ul style="list-style-type: none"> Attend validation workshop.
	District Council	<ul style="list-style-type: none"> Approves and adopts the DDF, after relevant feedback has been incorporated.
Related Training:	<i>The 5-year DDF: Module 3—Preparing the DDF</i>	

Success story: Women in the district development process

In Session 1 we looked at some of the issues faced by women and other marginalised groups when it comes to participation in the district development process. However, in some districts in recent years there has been an increase in women’s participation in the process of planning and needs identification. The following story illustrates this.

In Abyan district, women are actively engaged in the Annual Work Plan process, right from the consultations to the implementation of projects. In fact, over 60% of the village heads are women. Moreover, there are companies headed by women who participate in bidding and win contracts for infrastructure development. A good example is in 2015 a cable stone project was won by a company run by a woman, and in 2016 a tarmac road project bid was won by female led company. A one village leader said:

"Women are the backbone for development in every society, but in Somali context their involvement in decisions of local issues was little, however this has now improved steadily. There are women members in the local council although they are few, there are also women representing communities as village leaders and their voices are significantly matter in every aspect and process undertaken by the local government, because they regarded as being very aware of the real needs and issues around the district."

Source: Adapted from Story 2: Women’s engagement in the district development process, JPLG Field Monitoring Mission Report, Jan 2017.

Annual Planning and Budget Preparation Process

1. Awareness-raising of Annual Planning and Budget Preparation process

When:	July (Annually)	
Purpose:	<ul style="list-style-type: none"> Community awareness-raising on the upcoming annual planning and budget process. It includes outlining the different activities that will take place, and how the public can participate. This can be done through media—it does not necessarily require a public meeting. Community members can also make submissions about issues relating to the DDF from the previous year, which can be raised at the upcoming DDF Review workshop. 	
Output:	A set of community awareness-raising activities, which are rolled out in July at the start of annual planning and budgeting process.	
Who:	Sub-Committee	Oversee the conduct of the community awareness-raising activities on the annual planning and budgeting process, and support the Social Affairs Department in these activities.
	Department of Social Affairs	Prepare and implement community awareness-raising activities on the annual planning and budgeting process, using appropriate tools such as: <ul style="list-style-type: none"> tv and radio announcements notices in public places sms messages local newspapers and websites Note that the methods used should aim to reach out to women, youth, and other minority groups within the community.
	Village Councils/ Committees and Community Monitoring Groups	Support the community awareness raising activities on the annual planning and budgeting process.
	General public	Will have a good understanding of the upcoming annual planning and budgeting process, and where they can have input as community members.
	CSOs/NGOs	Will have a good understanding of the upcoming annual planning and budgeting process, and where they can have input as community based organisations.
Related Training:	<i>The District Annual Planning and Budgeting Process</i>	

2. DDF Review Workshop

When:	July (Annually)
--------------	-----------------

Purpose:	<ul style="list-style-type: none"> To review the contents of the DDF at the beginning of each year's planning and budgeting process, to ensure it is still relevant, particularly in terms of the district vision, priorities, targets and objectives. As part of this process, the District Profile and LED plans should be reviewed, to incorporate any major changes over the past 12 months. National and sector plans should also be reviewed as part of this process, in case any major changes need to be reflected in the DDF. M&E data should be presented at the workshop, to demonstrate progress achieved towards the DDF objectives and targets. 	
Output:	<ul style="list-style-type: none"> An agreed set of revisions to the DDF. An M&E report on progress towards DDF objectives and targets. 	
Who:	Sub-Committee	Attend the review workshop and have input on behalf of the District Council.
	Department of Planning	To organise the DDF Review Workshop. To prepare the necessary information in advance of the workshop, which includes: <ul style="list-style-type: none"> Review the District Profile and LED. Gather M&E data and prepare a report for presenting at the workshop. Request updated planning information from national level and sector ministries.
	Mayor	Facilitate the DDF Review Workshop.
	Executive Secretary	Attend the DDF Review Workshop and provide support to the revision process.
	District Department Directors	Attend the DDF Review Workshop and provide support to the revision process.
	Representatives from all District Departments	Attend the DDF Review Workshop and provide support to the revision process.
	Representatives from MOI, MoP, Sector Ministries, and Regional Administration.	Attend the DDF Review Workshop and provide support to the revision process, based on their own planning information.
Related Training:	<i>The District Annual Planning and Budgeting Process</i>	

3. Prepare DBFP Chapters 1-3

When:	August (Annually)
Purpose:	<p>The District Budget Framework Paper (DBFP) is a document which can help a district to integrate its planning and budgeting. It complements the 5 year DDF document. It is useful to prepare Chs 1-3 just after the DDF review workshop.</p> <p>The information in Chs 1-3 of the DBFP will be useful when preparing the following</p>

	budgeting documents: <ul style="list-style-type: none"> • District Expenditure Performance Analysis Report (September) • Forecasts of Revenue and Expenditure (September) The DBFP Chs 1-3 should include the following: <ul style="list-style-type: none"> • Chapter 1: Review of revenue performance (from previous year) and medium term revenue projections (over next 5 years). • Chapter 2: Overview of the district's past expenditure against budget, departmental expenditure, major past achievements and challenges. • Chapter 3: Medium term objectives, priorities, outputs and expenditure allocations (over the coming 3 years). 	
Output:	Chapters 1-3 of the District Budget Framework Paper prepared.	
Who:	Department of Planning	Work with Department of Administration and Finance to prepare the DBFP.
	Department of Administration and Finance	Work with Department of Planning to prepare the DBFP.
	Directors of District Departments	Provide relevant information for the preparation of the DBFP Chs 1-3.
Related Training:	<i>The District Annual Planning and Budgeting Process</i>	

What is the District Budget Framework Paper (DBFP)?

This document brings together a number of different documents that are prepared as part of the annual planning and budgeting process, primarily because they are interrelated documents, all contributing towards effective planning and allocation of district resources, and therefore need to be working together before finalising district's annual budgets and work plans.

Chapters 1-3 of the DBFP include:

Chapter 1. Revenue performance and projection for the next three years:

X-2 X-1 X X+1 X+2 X+3

Where 'X' is the current year.

This is also similar to the three-year rolling investment programme, however under DBPF revenue performance, we look at *historical performance* (X-2, X-1) to provide context for future expected performance.

Chapter 2. Sector/departmental performance by costs and targets

Three-year indicative sector/departmental costs for years X-0, X, X+1, X+2 and X+3 assuming we are in year X;

Chapter 3. Medium term objectives, priorities, outputs and expenditure allocations

Three-year indicative sector/departmental targets (outputs) for years X-0, X, X+1, X+2 and X+3 assuming we are in year X. In addition to identifying sector costs it is useful to also identify the corresponding output targets for the sectors/departments as well. See below for more information about preparing Chapters 1-3 of the DBFP.

Source: LG Financial Management Manual, 4.2.3 The DBFP Contents.

4. Forum on Overview of District Development Activities

When:	September (Annually)
Purpose:	<ul style="list-style-type: none"> • A forum taking place in each district, to build a picture of what activities are taking place in the district by all stakeholders (currently and also projected in the future for the coming two years if possible). • This process involves a range of stakeholders who are active in the district, such as NGOs, so that the local government can ensure that development activities in the district are harmonised. • Priority activities with estimated costings can be determined here, as well as the estimated O&M costings for activities. • This forum should occur directly before the Budget Conference.

Output:	<ul style="list-style-type: none"> • A table of ‘Overview of District Development Activities’ (note this should be updated throughout the year). • An O&M plan, showing estimated O&M costs for current and proposed activities. 	
Who:	District Councillors	Attend the Forum on Overview of District Development Activities
	Mayor	Facilitates the Forum on Overview of District Development Activities
	Executive Secretary	Attends the Forum on Overview of District Development Activities
	Planning Department	Organises the Forum on Overview of District Development Activities
	District Department Directors	Attend the Forum on Overview of District Development Activities and provides input on department priority activities for the coming year.
	Representatives of District Departments	Attend the Forum.
	MOI	Attend the Forum.
	Ministry of Planning	Attend the Forum.
	Sector Ministries	Attend the Forum and provide input on current and proposed development activities in the district.
	Donors (NGOs, UN, Private)	Attend the Forum and provide input on current and proposed development activities in the district.
Related Training:	<i>The District Annual Planning and Budgeting Process</i>	

Success story: What are the benefits of a proper planning process for districts?

Abyan District has been following a cycle of ‘Participatory Planning and Public Expenditure Management’ for 5 years. In that time, the district has seen great improvements in the planning of its activities. For example, a priority in 2016 was the construction of a new market, which was previously a congested area, causing conflict between vendors. It was identified as a planning priority, and a new market was constructed which now accommodates all vendors. As an additional benefit, the revenue to the district has increased because it is now physically easier to collect market fees from the vendors.

As a Councillor said “*In planning, everything was scattered before, real needs were not defined and now we are putting it into a plan so we can have a focus and can be accountable, we can justify our choices.*”

5. Budget Circular & Budget Conference

When:	September (Annually)	
Purpose:	<ul style="list-style-type: none"> The Budget Circular is a document issued by the Ministry of Finance, which provides initial instructions to guide the district budget process for the coming year. The Budget Circular should be issued prior to the Budget Conference. The Budget Conference brings together key stakeholders to discuss priorities and provide indicative planning figures (budget envelope) of proposed central government transfers, donor and NGO funding to districts for the coming year, and subsequent two years where possible. 	
Output:	<ul style="list-style-type: none"> Budget Circular document, issued prior to the Budget Conference. Indicative Planning Figures, presented at the Budget Conference. 	
Who:	MOF/MOI	<ul style="list-style-type: none"> Prepares and issues the Budget Circular Convenes the Budget Conference Presents Indicative Planning Figures at the Budget Conference.
	Sub-Committee	Attend the Budget Conference.
	Mayor / Executive Secretary	Attend the Budget Conference.
	Directors of District Departments	Attend the Budget Conference.
	Ministry of Planning representatives	Attend the Budget Conference and provide information on national level planning and budgeting priorities.
	Sector Ministries representatives	Attend the Budget Conference and provide information on sector level planning and budgeting priorities.
	Regional representatives	Attend the Budget Conference.
	Donors/External Funders	Attend the Budget Conference and provide information on expected funding to districts.
Related Training:	<i>The District Annual Planning and Budgeting Process</i>	

6. Public Expenditure Review

When:	September (Annually)	
Purpose:	<ul style="list-style-type: none"> The Public Expenditure Review (PER) provides an analysis of the revenue and expenditure situation in the district for the past year. The PER can draw on information prepared previously for Chapters 1 and 2 of the DBFP. The PER can provide recommendations for change to feed into the budgeting and work planning process for the coming year. 	
Output:	An 'Expenditure Performance Analysis' report.	

Who:	Department of Administration and Finance	Prepares the Expenditure Performance Analysis report.
	Department of Planning	Supports the Department of Administration and Finance in the preparation of the Expenditure Performance Analysis Report.
	Mayor / Executive Secretary	Receives the Expenditure Performance Analysis Report.
	Sub-Committee	Receives the Expenditure Performance Analysis Report.
Related Training:	<i>The District Annual Planning and Budgeting Process</i>	

7. Forecast of Revenue and Expenditure

When:	September (Annually)	
Purpose:	To provide a clear picture of the expected revenue and expenditure for the coming year.	
Output:	A forecast of the coming year's revenue and expenditure, which can draw on information prepared in Chapters 1 & 3 of the DBFP, as well as indicative figures from central government.	
Who:	District Department Directors	Provide information on expenditure estimates for their own departments, to support the development of the forecast of revenue and expenditure.
	Department of Administration and Finance	Prepare the forecast of revenue and expenditure.
	Department of Revenue	Support the development of the forecast of revenue and expenditure.
	Department of Planning	Support the development of the forecast of revenue and expenditure.
	Sub-Committee	Support the development of the forecast of revenue and expenditure.
	Mayor / Executive Secretary	Support the development of the forecast of revenue and expenditure.
Related Training:	<i>The District Annual Planning and Budgeting Process</i> <i>Local Revenue Mobilisation Initiative: Frameworks and Guide for Revenue Mobilisation</i> <i>Local Development Fund Operational Manual Training Module</i>	

What are the main sources of district revenue?

There are four main types of revenues available to local governments:

1. Grants and Transfers from government at the centre (for example, the Local Development Fund).
2. Income collected from communities and businesses from within the jurisdiction of the local government (known as local or 'Own Source Revenue' (OSR)).
3. Direct grants from development partners and NGOs.

How is district Own Source Revenue (OSR) mobilised?

There are five main activities related to district revenue mobilisation:

1. Identification and enumeration of tax payers.
2. Assessment of tax payers and updating registers where required.
3. Collection of taxes and fees by qualified and competent officers.
4. Sensitisation and publicity—for the general community on the importance and benefits of paying taxes and fees to the local government.
5. Enforcement—for example, following up tax defaulters, conducting regular checks on licences to ensure that payments are made.

Source: LG Financial Management Manual, 5. Revenue.

8. Prioritise Development Activities and conduct Appraisals/Feasibility Studies

When:	September (Annually)	
Purpose:	Activities proposed by the sectors and district departments are listed and prioritised, based on information gathered during the forecast of revenue and expenditure and on the 'Overview of District Development Activities' table. For the coming year and for the following 2 where possible.	
Output:	<ul style="list-style-type: none"> • A list of prioritised activities with costings, for inclusion in the draft budget for the coming year. • Appraisals/Feasibility Studies should be conducted for the prioritised projects, to check whether they are viable, prior to including them in the district budget. 	
Who:	District Department Directors	Participate in the prioritising of activities.
	Sub-Committee	Participate in the prioritising of activities.
	Mayor / Executive Secretary	Facilitate the process of activity prioritisation.
	Department of	Provides relevant information from the DDF to inform the

	Planning	activity prioritisation process.
	Department of Public Works	Conducts the appraisal/feasibility studies process (for works projects).
Related Training:	<i>The District Annual Planning and Budgeting Process</i>	

9. Prepare draft budget

When:	October (Annually)	
Purpose:	To compile the individual department estimates prepared as part of the forecast of revenue and expenditure, into one draft budget document.	
Output:	Draft district budget prepared for review.	
Who:	Department of Administration and Finance and Budget Committee	Compile the Revenue Budget forecast form. Compile the overall budget using data from the Revenue Budget and Expenditure Budget forms.
	Executive Secretary	Issue the Expenditure Budget Estimation form to department directors.
	Department Directors	Complete the Expenditure Budget Estimation form by inserting the estimate of money required to operate their sectors using detailed line items (both recurrent and capital/development expenditure).
	Mayor	Oversee the budget compilation process.
	Department of Planning	Provide support to the budget compilation process.
Related Training:	<i>The District Annual Planning and Budgeting Process</i>	

10. Prepare draft annual work plans

When:	October (Annually)	
Purpose:	<ul style="list-style-type: none"> To prepare capital/development and recurrent work plans, annexed to the district budget. A work plan is a statement that expresses the activities the district intends to perform over the coming year, the resources each activity is expected to consume (costs) as well as the planned output from each activity. 	
Output:	<ul style="list-style-type: none"> A draft Capital/Development expenditure annual work plan A draft Recurrent expenditure annual work plan 	
Who:	Department of Administration and Finance	Prepare the draft Annual Work Plans (capital and recurrent)

	Mayor / Executive Secretary	Facilitate preparation of the Annual Work Plans
	District Department Directors	Assist with preparation of the Annual Work Plans
	Department of Planning	Assist with preparation of the Annual Work Plans
	Sub-Committee	Oversee the process of preparing the Annual Work Plans
Related Training:	<i>The District Annual Planning and Budgeting Process</i>	

11. Review Budget and Annual Work Plans

When:	October (Annually)	
Purpose:	To provide an opportunity for district and community stakeholders to review and make comment on the draft budget and annual work plans in advance of its approval and adoption by the District Council.	
Output:	A revised draft budget and annual work plans	
Who:	General Public - Community members	Invited to comment on the draft budget and annual work plans in advance of a community forum (allow 2 weeks for feedback).
	Village Councils / Committees	Attend a community forum on the draft budget and annual work plans (after feedback period), which also updates the community on achievements made in the district over the previous year (for example, progress towards DDF objectives etc).
	Mayor	Facilitate the community forum on the draft budget and annual work plans and present the draft budget and annual work plans.
	Executive Secretary	Attend the community forum on the draft budget and annual work plans.
	Sub-Committee	Attend the community forum on the draft budget and annual work plans and provide input from the District Council's perspective on the priorities in the work plans.
	District Departments	Comment on the draft budget and work plans.
	Department of Administration and Finance	Publicise draft budget and work plans on public noticeboards and via other means where possible, such as internet. Attend the community forum on the draft budget and annual work plans. Gather feedback from the 2 week comments period and from the community forum and make any necessary adjustments to the draft budget and annual work plans.
	Department of Planning	Attend the community forum and present on the achievements of the previous year (eg progress towards DDF objectives).

Related Training:

The District Annual Planning and Budgeting Process



Exercise 4b: Community involvement in the District Planning and Budgeting Process

As we saw in Exercise 3, there are a number of different opportunities for community involvement in the district planning and budgeting process. One of these is outlined above in **Step 11. Review Budget and Annual Work Plan**.

Each October, a community forum is held, where the community is updated on what has been achieved in the previous year, and what is the proposed budget and annual work plan for the coming year.

Conduct a role play to act out such a forum – using the stakeholders in **Step 11. Review Budget and Annual Work Plan** as the basis for the different characters. What kinds of questions are community members likely to ask? What kind of information should the district representatives give to the community?

Prepare in groups and then present a brief role play showing how such a forum might proceed. Your trainer will guide you further in this activity.

12. Finalise Budget and Annual Work Plans

When:	October (Annually)	
Purpose:	There is an official process that must be followed for the District Council to formally approve and adopt the draft budget and annual work plans. Districts should submit their approved budgets and work plans to MOI by mid-October at the latest.	
Output:	Final approved budget and annual work plans submitted to MOI.	
Who:	District Council	Meets to consider final approval of the budget and work plans. Accepts a motion for approval of the budget and work plans and adopts on a majority vote.
	MOI	The approved budget is sent to MOI for review, endorsement by mid-November and all district budgets are collated and submitted to MOF for inclusion in the national budget.
	Department of Administration and Finance	Input details of the budget and work plans into AIMS.
	Mayor / Executive Secretary	Advise department directors of the budget allocations and specific budget lines for their department's expenditure authority.
Related	<i>The District Annual Planning and Budgeting Process</i>	

Training:	
------------------	--

13. Publicise Budget and Annual Work Plans

When:	November onwards (Annually)	
Purpose:	To clearly and widely publicise the approved budget and annual work plans to the community.	
Output:	A range of communication methods to publicise the district budget and annual work plans.	
Who:	Department of Administration and Finance	Publicise the approved budget and annual work plans through the following means: <ul style="list-style-type: none"> • public noticeboards • radio announcements • internet • distribute hard copy documents to VCs
Related Training:	<i>The District Annual Planning and Budgeting Process</i>	

14. Finalise District Budget Framework Paper

When:	November (Annually)	
Purpose:	To prepare Chapters 4 and 5 of the District Budget Framework Paper, which includes the Budget and Annual Work Plans.	
Output:	A finalised District Budget Framework Paper (Chs 1-5).	
Who:	Department of Administration and Finance	Finalises the DBFP by adding Chapters 4 and 5.
Related Training:	<i>The District Annual Planning and Budgeting Process</i>	

15. Prepare Procurement Plans

When:	December (Annually)	
Purpose:	Prepare procurement plans for all procurement that will be required to execute the budget and work plans, including procurement of all goods, works and services.	
Output:	Approved Procurement Plans for each district department.	
Who:	District Department Directors	Prepare procurement plans for their departments, based on the budget and annual work plans.
Related Training:	<i>The District Annual Planning and Budgeting Process</i>	

Session 3: Implementation and Budget Execution

Session Objectives:

By the end of this session participants will be able to:

- Describe the key activities that are carried out as part of the Budget Execution and Expenditure Management step, and who has responsibility for the activities.
- Explain decentralised service delivery and infrastructure development as mandated district functions, both of which require the following of good budget execution and expenditure management procedures.

Implementation and Budget Execution

Includes:

- Expenditure, Cash Flow, Budget Monitoring and Revision
- Infrastructure Development
- Decentralised Service Delivery
- Procurement of works, goods and services
- Asset Management
- Debt Management



What's in this step?

- This step in the PPPFM cycle includes what happens after the district's annual budget and work plan is approved, in other words, how the budget is executed and how this process is managed.
- This step also includes the procurement of goods, works, and services according to the procurement plan prepared in the Planning & Budgeting step.
- As part of this step, the implementation of the district's activities is very important, including works projects and service delivery.
- Other aspects of expenditure management include the management of a district's assets, as well as the management of any debt that is held by the district.
- Most of the activities in this step take place on an ongoing basis, starting from the beginning of Q1 in the year that the budget is executed.

What is Decentralised Service Delivery?

According to Law no. 7, districts are mandated to perform a number of functions. These functions relate to both the development of infrastructure, and the delivery of services within the district. Here are some examples:

Department of Social Affairs

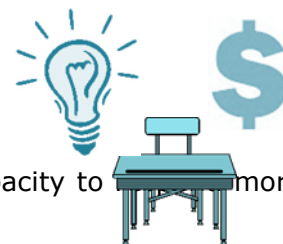
- Cleansing, sanitation and beautification of the district.
- To care the general sanitation and prevent the communicable diseases.
- Prepare, plan, ensure and balance the need for the water points (kiosks) and their availability.
- Construction and management of centres for the care of the mother and child and the family management schools.

Department of Public Works and Land

- To implement projects and constructions.
- To renovate and maintain roads, parks, stadiums and public grounds/parks.
- To design and maintain district council buildings, roads, recreational sites, stadiums, schools, health centres, butcheries (abattoirs), bus stations, etc.

In recent times there has been a piloting of the decentralisation of some aspects of service delivery to district level, according to the decentralisation policy. This means that functions that were normally carried out by central ministries, are now being carried out by district local governments. Some examples from education and health sectors include:

- Direct payment of salaries to support staff, and payment of utilities.
- Top up of teachers' salaries.
- School maintenance, expansion and furniture.
- Maintenance of sanitation and hygiene services.



The above has given the pilot districts a greater capacity to respond more effectively to the needs of local citizens.

In future, it is anticipated that other functions will be decentralised, including for example:

- Payment of technical staff in health and education (teachers, nurses, pharmacists etc).
- Supervision and oversight of education and health service delivery by the district local government.

Infrastructure Development

As we can see above, districts are also mandated to construct, renovate and maintain assets, which form part of the infrastructure of the district. This includes roads, schools, health clinics and local government buildings, among others.



The procedures for procuring, implementing, and managing the contracts for these types of 'works projects' are detailed in other more detailed, technical trainings. Some of these topics include for example:

- Procurement and Contract Management of works projects.
- Road design, selection, prioritisation and maintenance.
- Labour based technology



These infrastructure development and service delivery functions will be reflected in the district's 5-year DDF, and are factored into the district's annual budget. As such, the procedures for good budget execution and expenditure management that are outlined below will apply equally to both **infrastructure development** and **service delivery** activities of the district.



Exercise 5: Analysing Functions

In groups, you will look at the functions of the different district departments according to their ToRs, which appear in **Annex 1**. Choose 5 functions and answer the following questions for each:

1. Is the function related to service delivery, infrastructure development, or both?
2. Which department has responsibility for this function?
3. To what extent is this function undertaken by the district local government? What is needed to allow the local government to more fully take responsibility for this function?

You will discuss your results in plenary. Your trainer will guide you further in this activity.

Budget Execution and Expenditure Management Steps in Detail

Expenditure and Cash Flow Management

When:	Following approval of budget estimates (Q1 of Budget Year (Year X)).	
Purpose:	<ul style="list-style-type: none"> To ensure that the budget commitments of the district are managed well and payments made by the district follow the established processes. 	
Output:	Payments are made for goods, works and services according to the district's annual budget, for which the appropriate paperwork has been completed, signed and filed correctly.	
Who:	Mayor	Has power to incur expenses as per Article 48, Law no 23.
	Executive Secretary	Has power to incur expenses as per Article 48, Law no 7. Has responsibility for ensuring that the expenses are in line with the law, budget and income of the District.
	Vote Controllers	These are the Department Directors, who are given the Authority to Incur Expenditure (AIE) and are appointed by the Executive Secretary each year. Vote Controllers are issued with 'Departmental Warrants' (see below).
	Administration and Finance Department	Receipt, control and accounting of the income of the district, including development partners funding. Control and management of the expenditure of the district, as well as assets and liabilities. Responsible for making initial budget implementing activities for the new financial year, including the opening of: <ul style="list-style-type: none"> Vote books (see below) Cash books Abstracts Ledgers and Registers Bank accounts Responsible for preparing and implementing a district quarterly cash flow budget, (see below) to ensure that the district has sufficient cash to meet its approved expenditures for the financial year.
Related Training:	<i>Local Government Financial Management Training Modules</i>	

Budget Monitoring and Revision

When:	Ongoing throughout the Budget Year. Budget performance reports produced on a monthly basis.	
Purpose:	<ul style="list-style-type: none"> To ensure that the actual revenue and expenditure of the district budget does not vary greatly from the revenue and expenditure that is contained in the approved district budget. 	
Output:	Monthly budget performance reports, budget revision requests where needed.	
Who:	Mayor / Executive Secretary	<p>Have responsibility to ensure that district services are delivered within the limits provided by the district annual budget.</p> <p>Should closely monitor the progress of actual revenue and expenditure throughout the financial year and identify any instances where it seems there will be a variation between what is in the budget, and what is happening on the ground.</p> <p>This is in accordance with the principle of 'fiscal discipline' from Session 1.</p>
	Department Directors	<p>Also have a role in budget monitoring for their departments.</p> <p>Must produce a monthly budget performance report, for the attention of the Executive Secretary / Mayor, to facilitate budget monitoring and identify if a budget revision is necessary (see below).</p>
Related Training:	<i>Local Government Financial Management Training Modules</i>	

Some important tools for Budget Execution and Expenditure Management

What is a vote book?

At the beginning of each financial year, the department's approved budget provisions shall be entered into a document called the 'vote book'. A form for the vote book can be found in the *LG Financial Management Manual, Form E6*.

What is a departmental warrant?

This is a form which says that a department director (vote controller) is authorised to make expenditures in a particular financial year. A form for the departmental warrant can be found in the *LG Financial Management Manual, Form E1*.

What is a cash flow budget?

This is a budget prepared by the Department of Administration and Finance each quarter, which identifies what will be the cash requirements for the coming quarter in terms of recurrent and development items in the district budget. A form for the quarterly cash flow budget can be found in the *LG Financial Management Manual, Table B8*.

What is a monthly budget performance report?

This is prepared by department directors and submitted to the Executive Secretary, to show any variances between the original budget, any authorised amendments, and the actual transactions to date. It can help the district keep track of whether their spending and revenue collection is on track, or whether it requires attention, for example, in the form of budget revision. A form for the quarterly cash flow budget can be found in the *LG Financial Management Manual, Table B9*.

Procurement of Goods, Works and Services

When:	Ongoing throughout the Budget Year, following approval of the district budget and procurement plan.	
Purpose:	<ul style="list-style-type: none"> To procure goods, works and services that are needed to implement the district's annual work plan, in accordance with standard, approved, local government procurement guidelines. 	
Output:	Procured goods, works and services according to set procedures, with the relevant paperwork completed, signed and filed correctly.	
Who:	Mayor / Executive Secretary	<p>The Executive Secretary is responsible for the following:</p> <ul style="list-style-type: none"> Establish tender committee. Advertising tender opportunities. Appointing evaluation committees. Communicating tender award decisions. Signing contracts for procurement activities on behalf of the district. Investigating complaints by suppliers, service providers and consultants. Ensure implementation of awarded contracts is in line with the terms and conditions of the award. Confirming availability of funds for each procurement activity undertaken by a district. Ensure that the procurement staff comply with the requirements of the procurement manual issued by the MOI.
	District Tender Committee	<ul style="list-style-type: none"> Approve entries and removals from the Register of Suppliers/service providers and Consultants.

	<ul style="list-style-type: none"> Review and approve all relevant documents prior to any announcement of a procurement process, for example, bidding documents. Review evaluation reports, and approve the award of contract to the selected bidder Recommend members of negotiation team and approval of negotiation plan and results of negotiations Maintain detailed minutes of meetings and records of all decisions and recommendations. Report quarterly to the MOI and PPA on all procurement activities undertaken by the district. <p>Membership of the District Tender Committee is shown below in <i>Diagram 7</i>.</p>
Evaluation Committee	The Evaluation Committee members is an <i>ad hoc</i> committee, whose members are district procurement officer, district engineer, MoPW engineer and Puntland Tender Board member. After the tender evaluation process they submit to the district tender committee for approval.
MOI	Has responsibility for the overall coordination, direction and development of procurement practices and procedures in local government.
Public Procurement Authority (PPA)	<p>A central body. Has a key role in monitoring and oversight of local government procurement, including:</p> <ul style="list-style-type: none"> Monitoring and enforcing compliance with the Procurement Act. Monitoring and supervising public procurement. Obtain information on public procurement from procuring entities where necessary. A member of PPA is included in project payment signatures. This to demonstrate that the entity has approved the project works.
Related Training:	<i>Local Government Procurement for Goods, Works and Services</i>

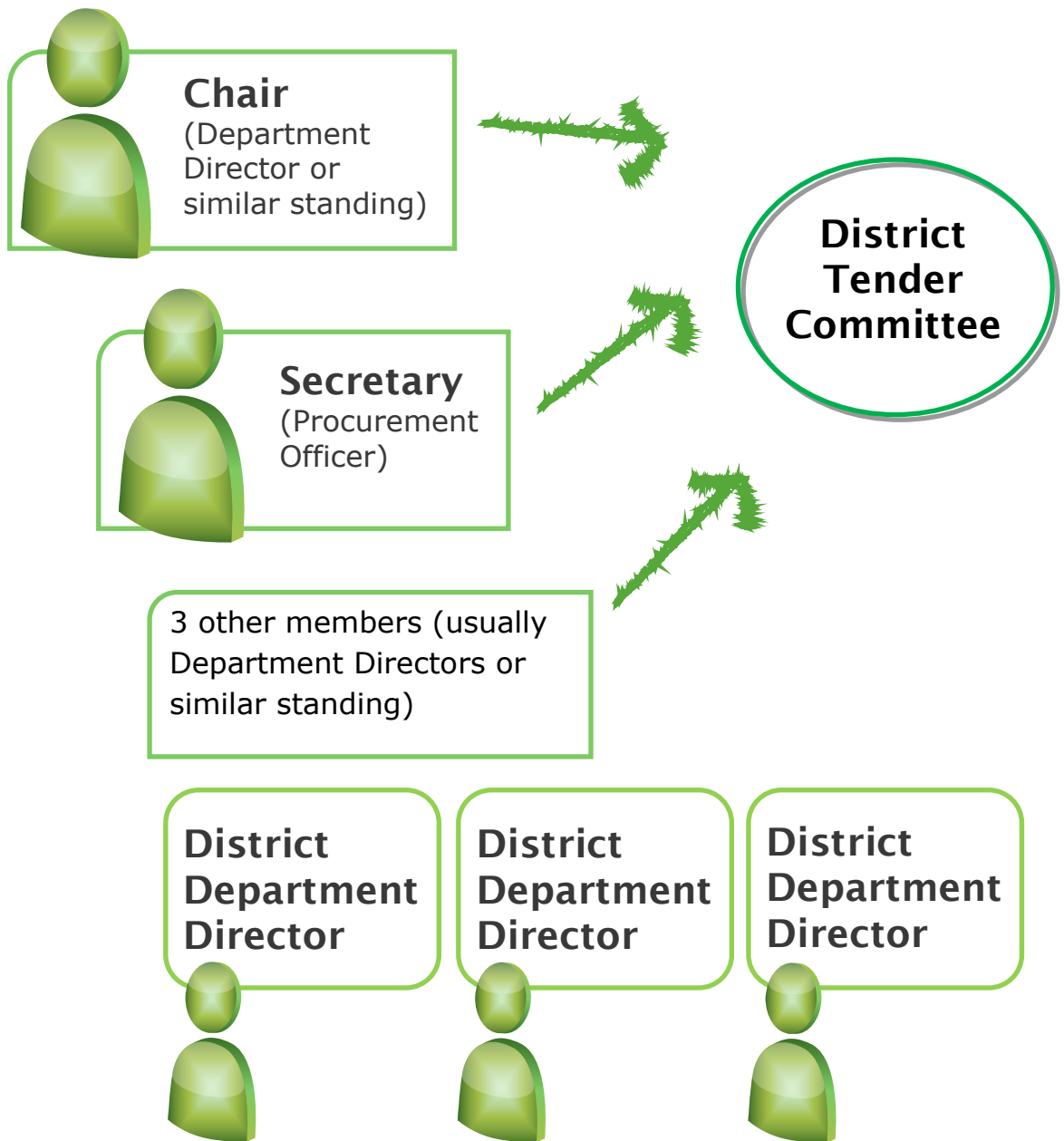


Questions for Discussion

Discuss the following questions in pairs and then discuss in plenary.

- How well established are procurement practices for goods, works and services in your district? Are they carried out according to a set of guidelines or a manual?
- What aspects of procurement in your district do you think could be improved, and what are some ideas on how this could be done?

Diagram 7. District Tender Committee



According to the LG Procurement Manual Section 2.5, the Chair and other members of the Tender Committee shall be appointed for a period of three years by the Executive Secretary and shall be eligible for re-appointment.

Members shall be appointed with regard to their technical competence and skills required to discharge the functions of the committee.

Membership of the Tender Committee should not include politicians (Councillors, including the Mayor).

Asset Management

When:	Ongoing throughout the Budget Year.	
Purpose:	<p>To ensure that the assets held by the district are managed so that their economic benefit to the district can be maximised.</p> <p>Assets are an important source of revenue for the district (for example, through rent or fees) and so it is important to carefully manage and maintain district assets.</p>	
Output:	Fixed Assets Registers, which show the location, title number or reference, description, cost, additions, and disposals for each item of fixed assets. The purpose of these registers is to keep track of all District fixed assets, and support the planning and execution of maintenance procedures.	
Who:	Department of Administration and Finance	<ul style="list-style-type: none"> • Maintain Asset Registers • Apply asset depreciation methods • Carry out procedures for asset redundancies, losses, disposals and write-offs.
	Department of Revenue	<ul style="list-style-type: none"> • Collect rent and leases owing from local government assets and resources.
	Board of Survey	<p>Conducts an annual survey of district assets to determine and report on:</p> <ul style="list-style-type: none"> • Missing assets/resources. • Excess assets/resources. • General condition of the district's assets/resources – whether safe or neglected. • Assets that need to be auctioned or sold while following the correct manner of tendering and auctioning. • Assets that can be diverted for public use or donated to another agency because of public interest.
Related Training:	<i>Local Government Financial Management Training Modules</i>	

Debt Management and Loans

When:	Ongoing throughout the Budget Year.	
Purpose:	<p>Money owed to the district represents an asset that is idle, as it denies the district the opportunity of using the money to provide services and develop infrastructure promptly. It also makes it difficult for a district to execute its budget effectively.</p> <p>It is therefore important to minimise debtors by following up the collection of debts in a timely, systematic and vigorous manner.</p> <p>Also important are loans that districts take out as a source of revenue. These must be carefully managed in terms of repayment commitments. The circumstances under which a district can seek a loan are outlined below.</p>	
Output:	<p>Clear plans for collection of money owed to the district.</p> <p>Clear mechanisms and available funds to meet the loan repayment schedule for any loans taken out by the district.</p>	
Who:	Department of Administration and Finance	<p>Work with Department of Revenue in ensuring that money owed to the district is followed up and collected in a timely manner.</p> <p>Prepare a loan repayment schedule for approval by the District Council, for any loans taken out by the district.</p>
	Department of Revenue	Pursue and secure the non-collected taxes of the previous years.
	District Council	<p>Approve the loan repayment schedule for any loans taken out by the district.</p> <p>Provide written authorisation for any loans amounting to between 10-20% of a district's Own Source Revenue (OSR) for that financial year.</p>
Related Training:	<i>Local Government Financial Management Training Modules</i>	



Questions for Discussion

Look at the text box below with information from the LG Finance Policy on district loans.

- What might be some examples of the circumstances under which districts are entitled to borrow funds?
- What do you think are some examples of circumstances under which districts should *not* be entitled to borrow funds? Why?

District Loans

From the LG Finance Policy

8.5 Council's Fund Borrowing

8.5.1 A situation may arise which may require District Councils to borrow funds, like an emergency, natural disaster or security issue.

8.5.2 Policy #1: District Councils should only borrow funds from recognised institutions/organisations, registered and regulated.

8.5.3 Policy #2: The District Executive Secretary should obtain written authorisation to borrow funds from the Executive Committee if it does not exceed 10% of total annual Own Source Revenue (OSR), if it exceeds 10% but less than 20% of OSR the council's authorisation shall be required.

The amount of borrowed funds in a financial year should not exceed 20% of Districts total OSR.

8.5.4 Policy #3: Borrowed funds should be repaid preferably within the next financial year, if not it should not exceed four years.

8.5.5 Policy #4: Loan repayment schedule should be approved by the District Council.

8.5.6 Policy #5: The borrowed funds shall be managed in accordance with the existing District financial laws and procedures, the council shall pass supplementary budget/expenditure for the borrowed funds.



Exercise 6: Stakeholders in Budget Execution and Expenditure Management

This exercise is designed for you to look more closely at the different roles and responsibilities in the Budget Execution and Expenditure Management step, shown in detail above.

In Exercise Sheet 1 below, you will see the different components of the Budget Execution and Expenditure Management step (along the top of the chart), and a list of the relevant stakeholders down the side of the chart.

Work in small groups to do the following:

- For each component along the top of the chart, look at the table of information shown earlier in the session.
- Identify who are the stakeholders involved, and put an X in the box for each stakeholder who is involved for that component.
- Identify any other stakeholders who are not listed in the chart, and add them to the chart, and identify which components they are involved in.
- Report back in plenary.

Exercise Sheet 1: Stakeholders in Implementation and Budget Execution

PPPFM Stakeholders - Budget Execution (Puntland)		Budget Execution and Expenditure Management					
Stakeholder	Expenditure & Cash Flow Budget Monitoring & Revision Procurement Asset Management Debt Management & Loans Validate & Finalise DDF						
District Council							
Mayor							
Executive Secretary							
District Department Directors							
Department of Administration & Finance							
Department of Revenue							
Department of Planning							
Department of Public Works							
Department of Social Affairs							
MOI							

Session 4: Accounting and Financial Reporting

Session Objectives:

By the end of this session participants will be able to:

- Describe the key activities that are carried out as part of the Accounting and Financial Reporting step, and who has responsibility for the activities.
- Outline the basis of accounting and bookkeeping for districts and explain the key elements of both.
- Explain the need for a standard Chart of Accounts (COA), to be used by both local and central government.
- Identify the main financial reporting requirements for districts.

Accounting and Financial Reporting

Includes:

- Accounting, Recording and Financial Reporting
- Integrated Financial Management Information System (also AIMS/BIMS)
- Chart of Accounts (COA)



What's in this step?

- This step in the PPPFM cycle includes the different aspects of accounting and reporting that districts must use as part of budget execution and expenditure management.
- The software used for accounting and reporting is outlined.
- This step also outlines the purpose and basis of district accounting, as well as the system of bookkeeping used.
- An introduction to the Chart of Accounts (CoA) is included in this step.
- The financial reporting requirements of districts is outlined, including monthly, quarterly and annual financial statements.

What is the purpose of district accounting?

There are many important reasons for effective district accounting, in order to:

- Demonstrate compliance with the law and other conditional requirements.
- Show how much revenue was raised by the district.
- Account to the public on the use of their taxes by the district.
- Demonstrate equity in the use of district resources.
- Show the financial strength of the local government in terms of assets owned (e.g. cash) and liabilities due.
- Show the financial position of the local government.
- Demonstrate how resources were allocated to the different services.
- Be used as future reference in the budgeting process.
- Demonstrate that policy is being carried out effectively and efficiently.
- Provide information to stakeholders.

What software is used for district accounting?



Some districts are currently using AIMS and BIMS (Accounting and Information Management System and Billing Information Management System). This is an easy to use software package, which allows for all accounting entries to be done by computer, as well as the generation of financial reports. The use of such software can save time and be more efficient than manual accounting.

At central government level, an Integrated Financial Management Information System (IFMIS) is being piloted, which will eventually be rolled out to all districts.



Questions for Discussion

- What system of accounting and bookkeeping is currently used in your district?
- How is information recorded – using a software package, or manually?
- What are the benefits of the system your district currently uses, and what practices could be improved?

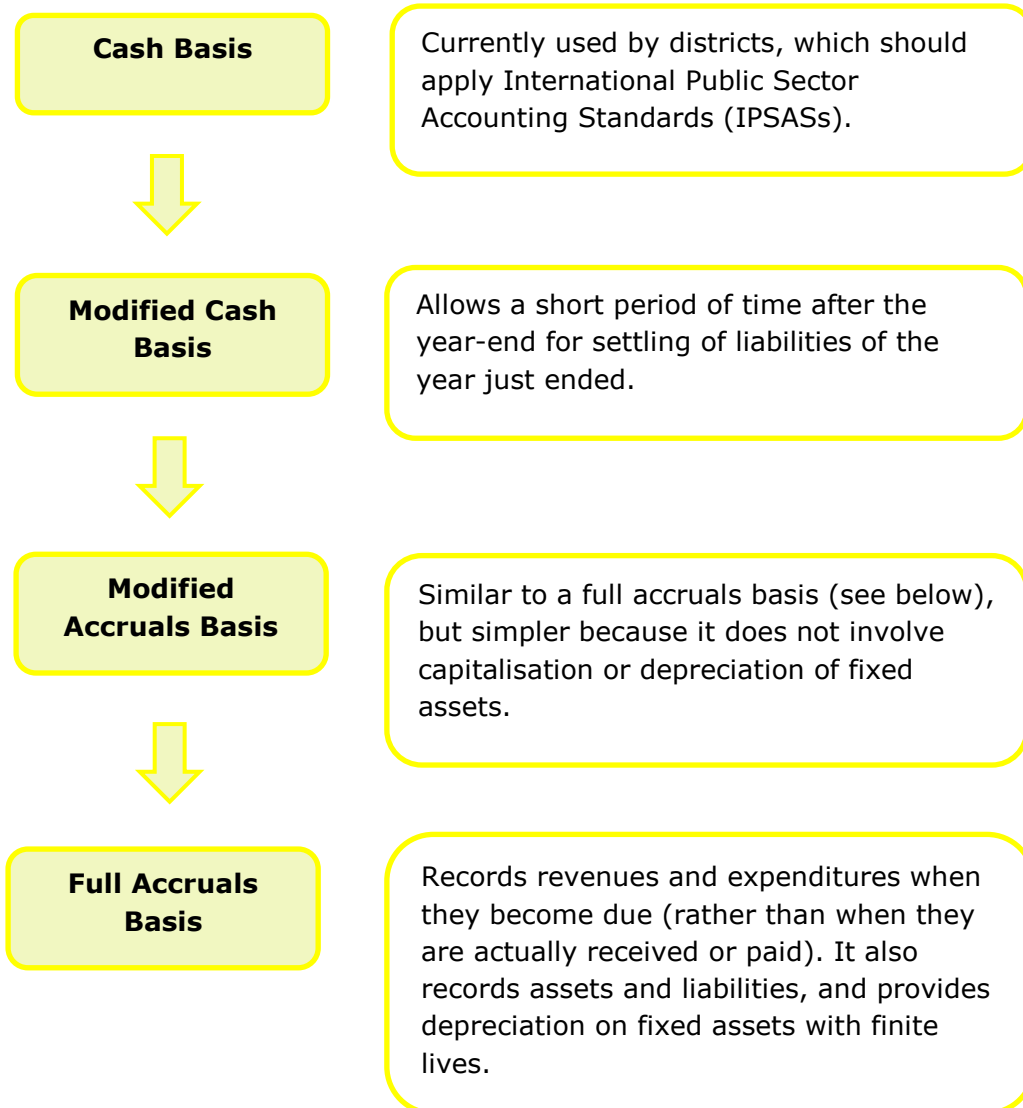
What is the basis of district accounting?

Districts currently use a system of 'cash basis accounting'. This means that the district's revenues will be recognised and recorded when cash is *received*, and expenditure is recorded when cash is *paid*.

In terms of reporting, revenue and expenditure are reported on in the financial statements of the period in which cash has been received or paid.

Cash basis accounting has a number of advantages, including that it is simple to use and is inexpensive to implement. However, there are some limitations to the methods, for example, it does not tell the user of the accounts what the full cost of running the district is within the financial year, as some expenses are not yet paid by the end of the financial year.

As such, it is anticipated that over time, districts will move to the following types of accounting:



What system of bookkeeping is used by districts?

Bookkeeping is the systematic recording of all monetary transactions for the district, *when they take place*.

'Double-entry' bookkeeping is used, which put simply means that for every transaction (for example, a cash transfer) there must be two movements recorded:

- The cash going out from one account.
- The cash going into another account.

What books of account/records should districts keep?

- Journal
- Cash books
- Vote books
- Abstracts/cash analysis books
- General ledger and Subsidiary ledger
- Registers: for example, Assets, Contracts, Revenue

It will be the responsibility of the Department of Administration and Finance to maintain these documents.

What is the Chart of Accounts?

A Chart of Accounts (CoA) is a list of account names together with their codes, which are used in Public Financial Management (PFM). Districts should apply a uniform classification and CoA when preparing and executing budgets, and for maintaining accounting records and financial reporting.

The CoA is issued and revised by the Accountant General, and applies to central and district level governments.

This means that:

- There is no confusion resulting from different code structures across different levels of government.
- There is comparability between different levels of government, and between districts themselves.
- Transfer of funds to districts is facilitated.
- The implementation of an IFMIS is facilitated.

The Chart of Accounts is provided in the *LG Financial Management Manual, Annex 1*.

What are the district financial reporting requirements?

The objective of financial record keeping is to be able to provide financial accountability for the actions of the different managers and staff within a district. Financial accounting systems must ultimately end with relevant and reliable information in the form of financial reports. The reports will be read and used by the different stakeholders to make decisions.

Districts shall produce monthly, quarterly and annual financial statements using the principle of a cash basis of accounting. The Department of Administration and Finance has the responsibility for compiling these reports for submission by the Executive Secretary.

Monthly financial statements

Every Executive Secretary is required to produce monthly financial statements not later than the 15th of the following month, and submit the following to the Executive Committee:

- 1) District Consolidated Statement of Cash Receipts and Payments
- 2) District Statement of Comparison of Budget and Actual Amount
- 3) District Statement of Payments by Programmes / Activities/ Functions
- 4) District Consolidated Cash Flow Statement for the month.

Quarterly financial statements

Every district Executive Secretary shall produce quarterly financial statements every end of quarter (not later than 15th of the month following the end of the quarter) and submit to the Executive Committee:

- 1) Districts Consolidated Statement of Cash Receipts and Payments for the quarter
- 2) District's Statement of Comparison of Budget and Actual Amount for the quarter
- 3) District's Statement of Payments by Programmes / Activities / Functions for the quarter
- 4) District Consolidated Cash Flow for the quarter

Annual financial statements

Every district Executive Secretary is required to produce statements of financial statements within three months after the end of each accounting period in accordance, for submission to the Auditor General and must include the following:

- 1) Districts Consolidated Statement of Cash Receipts and Payments
- 2) District's Statement of Comparison of Budget and Actual Amount
- 3) District's Statement of Payments by Programmes / Activities / Functions
- 4) District Consolidated Cash Flow Statement for the Year Ended



Exercise 7: Principles of a good accounting system

There will be more detailed training for those people who will be directly involved in the process of district accounting and financial reporting.

However, it is important for all district employees and representatives, that they understand the principles that are behind a good accounting system.

Work in pairs and match each principle (on the left) with one of the descriptions (on the right), then discuss in plenary:

1. Cost Effectiveness Balance

A. The accounting system must be flexible enough to meet the changing demands made of it, for example of accounting standards like IPSASs which may require a new format of financial reporting.

2. Flexibility to meet future needs

B. Users of information provided by the District accounting system rely on various reports from the accounting system which need to be produced in a reliable and timely manner and should take into account the requirements and knowledge of those users.

3. Effective Reporting

C. An effective accounting system should also provide assurance that errors and fraud do not happen.

4. Internal Controls

D. Accounting systems are designed to produce information for users. However, the cost of developing and maintaining the system and producing the reports should not exceed the benefits received by those who use the reports.

Source: Information from the LG Financial Management Training Manual.

Session 5: Auditing and M&E

Session Objectives:

By the end of this session participants will be able to:

- Explain the internal audit function for districts, and identify roles and responsibilities in the district auditing process.
- Understand the difference between auditing and M&E (monitoring and evaluation).
- Describe the M&E structures needed to monitor and evaluate the outcomes of the district's development activities, including the role of participatory impact monitoring.

Auditing and M&E


Includes:

- Internal Audit and Audit Committee
- Procurement Audit
- District M&E Framework, Procedures and Tools
- Participatory Impact Monitoring



What's in this step?

- This step in the PPPFM cycle explains the difference between district internal audit and M&E.
- It also introduces the internal audit committee and procurement audit.
- This step outlines the district M&E framework, including the involvement of the community through participatory impact monitoring processes.

 Auditing and M&E (Monitoring and Evaluation) have been included as part of the same step in the PPPFM cycle, but they are very different sets of activities, with different purposes, as we will see below.

While Auditing and M&E appear as the final step in the PPPFM cycle, the activities in this step can happen at any time. For example, project monitoring activities will take place during the 'Budget Execution' step, and the internal audit until will conduct its work throughout the different steps in the cycle.

What is the district Internal Audit Unit?

The objective of the district internal audit unit is to support the district in the successful achievement of its strategic goals. The internal audit unit serves as an independent unit to the district management, which undertakes audit and assurance, consulting and investigation work to ensure that processes are functioning as intended to meet the district's objectives, and to make recommendations to improve the district's operations.

Specifically, this includes:

- Reviewing systems to ensure that they are effective and functioning as intended.
- Carrying out compliance assurance and audit work.
- Undertake pre- and post- transaction audits.
- Monitor the implementation of previously accepted recommendations.
- Consulting and advisory work.
- Spot checks and investigations.

What is the district Monitoring and Evaluation (M&E) framework?

The objective of district M&E is to monitor and evaluate the outcomes of the infrastructure development and service delivery activities that are part of the DDF and Annual Work Plan, to see whether the activities have had the desired impact in terms of improving the lives of the citizens of the district.

For example:

- If a new school has been built by the district, what has been the impact of this school in terms of enrolment and attendance rates?
- If a solid waste management programme has been implemented by the district, what has been the impact in reducing the health problems related to solid waste, such as infectious diseases?

Without measuring these impacts, it is difficult for a district to gauge whether the money spent represents good value for money, or whether the money would have been better spent in other areas.

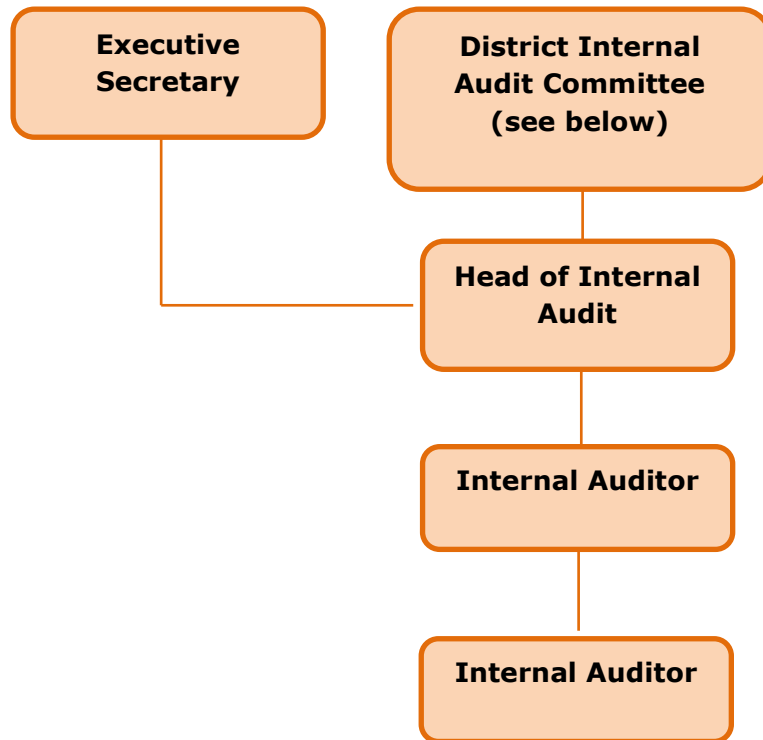
What does this show us?

The above examples illustrate the main distinctions between internal auditing and M&E for districts. One process (internal audit) looks at the functioning of the district local government as an organisation, to see how it can improve in order to meet its goals.

The other process (M&E) looks at the impact of the activities that the district has implemented according to its DDF and Annual Work Plan, and tries to measure the extent to which these activities have improved the lives of the people in the district.

District Internal Audit

Diagram 8: District Internal Audit Structure



Composition of the District Internal Audit Committee

- Ranges from minimum 3 to maximum 7 members (minimum for grade 'A' districts is 5 members).
- Tenure is for 3 years and may be reappointed for a following 3 years.
- Committee members are appointed by the Mayor.
- The committee members nominate a Chair and Secretary.
- Membership requirements and considerations are:
 - At least one member is drawn from senior management (Department Directors) within the district.
 - Two members from outside the district.
 - At least one member should have experience in accounting and auditing.
 - Understanding of best practice internal controls, and commitment to the continual improvement of the district's performance.
 - Strong ethical values, a sense of integrity, and an ability to give direct and honest opinions.

What is Procurement Audit?

Procurement Audit is one type of audit which is undertaken in order to evaluate the independence, objectivity and fairness of district procurement activities. Procurement audit is important for districts because, as stated in the Procurement Audit Manual for Local Governments:

Public entities generally spend significant resources through procurement of goods, works and services. As such procurement potentially poses a high risk in misappropriation of resources. Proper management of the procurement process, which includes ensuring adequate systems and controls are in place and are complied with, is therefore vital in ensuring effective and efficient utilisation of resources. One of the key controls is to have an independent review of the procurement process, covering the whole procurement cycle, from identification of requirements and initiation of the procurement process to contract close out stage.

This independent review, referred to as procurement audit, is expected to highlight areas of non-compliance, weak controls, capacity gaps and so on and provide recommendations for improvement.



Questions for Discussion

Often, the concept of auditing is seen as something to be wary of, but it can be very useful for improving the way that an organisation operates.

- Is there an internal auditor in your district administration, and if so, what is their role?
- What do you think are some specific ways in which the internal audit function can help improve the way your district local government operates?



The main documents which guide the process of district internal audit are:

- Local Government Audit Committee Manual (2016)
- Local Government Internal Audit Manual (2016)
- Procurement Audit Manual for Local Governments (2015)

Participatory District Monitoring and Evaluation (M&E)

What is Monitoring and Evaluation (M&E)?

Monitoring is the process of collecting information on the progress of a project or set of activities. Monitoring processes can be used to:

- Gauge how a project is progressing.
- Identify any problems and challenges that occur along the way.
- Make decisions on changes or solutions if problems do exist.
- Make better use of available resources.
- Ensure a good quality of work is maintained.
- Maintain transparency and accountability.

Evaluation is done at the end of a process to review what went well, what should be improved and what needs to change. For example, in the context of a project, an evaluation asks questions such as:

- Did the project do what it was supposed to?
- Was it worth doing?
- Was it done well, or could it have been done better and/or cheaper?
- Was the planned budget spent completely, was it disbursed on time, was it good value for money?
- Was the project finished on time, how did the contractor perform, did the supervision work well and were problems during implementation dealt with positively?
- Were systems for sustainability established?

Evaluation is done periodically (for example, half way through or at the end of a project), whereas monitoring can be done on a continuous basis (for example, even daily or weekly, depending on what is being monitored).



Questions for Discussion

Looking at the explanations of Monitoring and Evaluation above, can you think of an example from your own work environment, where monitoring activities, and evaluation activities would be useful?

Discuss in pairs and then share your ideas in plenary.

Table 2: Differences between Monitoring and Evaluation

	Monitoring	Evaluation
What is the purpose?	To see whether activity implementation is being done to plan (for example, infrastructure development, or service delivery).	To see how far the activity objectives have been achieved.
When is it done?	All the time during the implementation of activities.	Evaluation is periodic and conducted at specific times, for example, at the middle or end of an activity, or even some months or years later.
What information is collected and why?	Information and data about the result of inputs and activities, to check that these inputs and activities are being implemented as planned.	More detailed and targeted information, to see if the objectives have been achieved.
How is the information used?	To solve problems and improve project implementation now and in the future.	To judge the impact of a project or the delivered services on the target population and to help decide on future activities or service delivery.

What are the key elements of district M&E?

A district M&E system should focus on the following:

District Development Framework (DDF) monitoring

The district needs to monitor the objectives and targets contained in its DDF, over the 5-year period of the DDF. In this way, at the end of the 5 year period of the DDF the district will be able to evaluate to what extent it was able to achieve the objectives set out in its DDF for that period.

Annual Work Plan monitoring

The district's annual work plan outlines all the activities that the district aims to implement in the budget year, including infrastructure development and service delivery activities. Much of the monitoring of these activities is undertaken as part of the financial reporting requirements we looked at in Session 4.

Community Involvement

Community Monitoring Groups are set up in each district to monitor the progress of activities being implemented by the district, including infrastructure development and service delivery activities.

Gender and M&E

It is important to consider how men and women can both participate in and benefit from the development process. It will be important to develop indicators and monitoring tools that measure the extent to which the delivery of services and development of infrastructure can benefit women. It requires an understanding of how the needs of women might be different from men, and accounting for this in monitoring and evaluation activities.

Roles and Responsibilities in District M&E

MOI

- Responsible for oversight of M&E and backstopping to districts.
- Guide the development of a DDF monitoring framework.
- Review and approve monitoring results from districts.

District Department of Planning

- To collect and synthesise data from other departments and institutions for development planning, monitoring and evaluation.
- To establish and maintain relevant data collection and data management systems.
- To monitor and report on the implementation of the investment/development part of the district's Annual Work Plan and Budget and overall progress towards DDF priorities.

Community Monitoring Groups

- Responsible for monitoring overall district performance on DDF objectives, from the community side, as well as implementation of specific activities in the district (infrastructure development and service delivery).
- Responsible for DDF and project monitoring and reporting on progress.
- Uses community scorecard and other participatory impact monitoring tools.



Exercise 8: Auditing and M&E

For each of the following activities, identify whether this is an example of an auditing activity '**A**', or a monitoring and evaluation activity '**M&E**'. Then, identify who has responsibility for that activity. Work in pairs and then share your answers in plenary.

Activity	A or M&E?	Responsible?
Reviewing district systems to ensure that they are effective and functioning as intended.		
Measuring the impact of a school construction project, in terms of increased enrolment.		
Following on a daily basis, the implementation of a road project in the district.		
Conducting an independent review of the procurement process, covering the whole procurement cycle, from identification of requirements and initiation of the procurement process to contract close out stage.		
Collecting and synthesising data from other departments and institutions for guiding development planning in the district.		

Session 6: Conclusion

Session Objectives:

By the end of this session participants will be able to:

- Summarise the main topics covered in the Overview Module.
- Demonstrate understanding of the content of the module, through a short assessment task.
- Evaluate the module, by providing feedback on their reaction to the training they have just completed, through a short questionnaire.

Module Summary

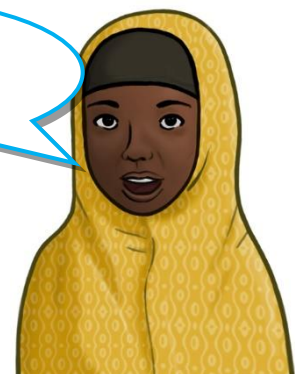
In this Overview Module we have learned about the following:

- The district DPP&BG cycle and some of the principles which guide the process.
- The main stakeholders in terms of roles and responsibilities for the district DPP&BG cycle.
- How to ensure that the community, particularly women and other marginalised groups, can be fully involved in the DPP&BG process.
- The activities involved in the Planning and Budgeting step, including the preparation of the 5 year DDF, and the annual planning and budgeting process.
- The activities in the Budget Execution and Expenditure Management step, including budget monitoring and revision, procurement, and asset management.
- The main elements of the Financial Accounting and Reporting step, including the basis of district accounting and bookkeeping, and the software used by districts.
- The main components of District Internal Audit, and district M&E processes, as part of the final step of the DPP&BG cycle.

Assessment & Evaluation

- You will be asked to complete a short assessment task, to gauge your understanding of what was covered in the Overview Module.
- You will also be asked to complete a questionnaire, to gather information on participant reactions to the Overview Module, which can be used to make improvements to the module for the future.

Thanks for your participation!



Glossary of Terms

Source: Local Government Financial Management Manual and PEM 1. Overview Module.

Accountability	One of the characteristics of a robust DPP&BG system. Accountability requires that decision-makers be held responsible for the exercise of authority invested in them. Not only must budget officials and line ministries answer for the use of funds, but also face consequences for any misuse of funds.
Assets	Resources controlled by a District as a result of past events and from which future economic benefits or service potential are expected to flow to the entity. All assets recorded in the District Public Financial Management (PFM) systems are economic assets (that have value) over which ownership rights are enforced by the District and from which economic benefits may be derived through holding them or using them over a period of time.
Books of Account	Records where financial transactions of a District are recorded.
Budget	A plan of resources available and how those resources are going to be utilised over a period of time (financial year) all expressed in monetary terms.
Cash basis of accounting	A basis of accounting that recognises transactions and other events only when cash is either received or paid.
Department	Means a functional or sectorial administrative area of the District for which a senior officer is responsible as a Director, for example, Department of Administration and Finance.
Executive Secretary	The District Accounting Officer and the most senior official responsible for the management of the administration of the District as appointed by the Minister of Interior and approved by the District Council.
Expenditure	Refers to the different ways in which funds are allocated and spent from the district's budget.
Fiscal Discipline	Maintaining spending within limits created by the ability to raise revenue and maintain debt at levels that are not prohibitively expensive to service.
Fixed Asset	Any asset, tangible or intangible, acquired for retention by the District for the

purpose of providing a service to the District administration.

IPSAS	International Public Sector Accounting Standards (IPSAS) are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial statements. These standards are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)
Revenue	The gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity of a district.
Transparency	One of the characteristics of a robust DPP&BG system. A transparent DPP&BG system provides an understandable guide as to how resources are planned to be used and what results are expected to be achieved. Reporting should also enable easy monitoring of performance against government's stated intentions.
Value for Money	The achievement of economy, efficiency and effectiveness in the use of resources, in order to achieve desired outcomes at the lowest cost.
Work Plans	A schedule of intended activities to be performed with clear objectives and targets to be achieved within a specified time frame

Further Reading

Lawson, A. (2015). Public Financial Management. GSDRC Professional Development Reading Pack no. 6. Birmingham, UK: GSDRC, University of Birmingham. <http://www.gsdrc.org/professional-dev/public-financial-management/>

Puntland Local Government Finance Policy (2016).

Puntland Local Government Financial Management Manual (2016).

Puntland Local Government Procurement Manual (2015).

Puntland Local Government Audit Committee Manual (2016).

Puntland Local Government Internal Audit Manual (2016).

Puntland Procurement Audit Manual for Local Governments (2015).

Annex 1: District Department Functions and the DPP&BG

Department of Planning

- To support District Councils in identifying the needs and aspirations of urban/rural communities.
- To support District Councils in prioritising district needs in a participatory manner.
- To promote cooperation and partnerships with communities, civil society, private and public institutions around investments/development activities.
- To conduct situational assessments and baseline studies on relevant socio-economic data.
- To collect and synthesise data from other departments and institutions for development planning, monitoring and evaluation.
- To establish and maintain relevant data collection and data management systems.
- To coordinate the development and updating of the DDF.
- To support the development of the district's AWPB and to coordinate the development of the capital investment/development Work Plan and Budget.
- To monitor and report on the implementation of the investment/development part of the district's Annual Work Plan and Budget and overall progress towards DDF priorities.
- To develop Project Cycle Management procedures and formats (as they relate to project identification, planning, implementation, monitoring and evaluation of investments/development projects) and promote their implementation across departments.
- To seek out opportunities for partnerships with the private sector, international and local NGOs, donors and UN agencies.
- To ensure gender and conflict prevention and mitigation are mainstreamed in the district's policies and plans.

Department of Administration and Finance

1. To ensure, prepare, store and execute the budget of the Local Government of the District.
2. To prepare, safe-keep and store accounting documents of the administration and the budget.
3. To manage and look after the resources, storage facilities and offices of the Council.
4. To store and oversee the documents of tenders/contracts which the Local Government of the District is a party to.
5. To register the movable and non-movable (current and fixed) assets of the Local Government of the district.
6. To tender for printing, store and distribute the cash, tax, petrol and store receipts.
7. To compare the projected income and expenses of every month.
8. To prepare monthly, quarterly, semi-annual and annual accounts closure.
9. To procure, register and store goods.
10. To ensure daily, monthly and yearly revenue collection.
11. To ensure the return of receipt books and tickets used and their subsequent storage.

Department of Revenue

1. To collect the taxes of the local government of the district.
2. To create and explore new economic sources.
3. To pursue and secure the non-collected taxes of the previous years.
4. To inspect markets and supervise the tax collection staff.
5. To evaluate taxation staff and give them on job training.
6. To register and collect taxes from the non-movable (fixed) assets of the residents of the district, e.g. buildings (stone building or mud hut), kiosks, farms, vehicles.
7. To advise on issues related to work and staff of the department.
8. To evaluate different types of taxes every year.
9. To collect the rent and leases of the local government assets and resources.
10. Carry out census and registration of income sources.
11. To collect daily revenues.
12. To recommend about creation and re-organisation of taxes.
13. To classify grades of licenses.

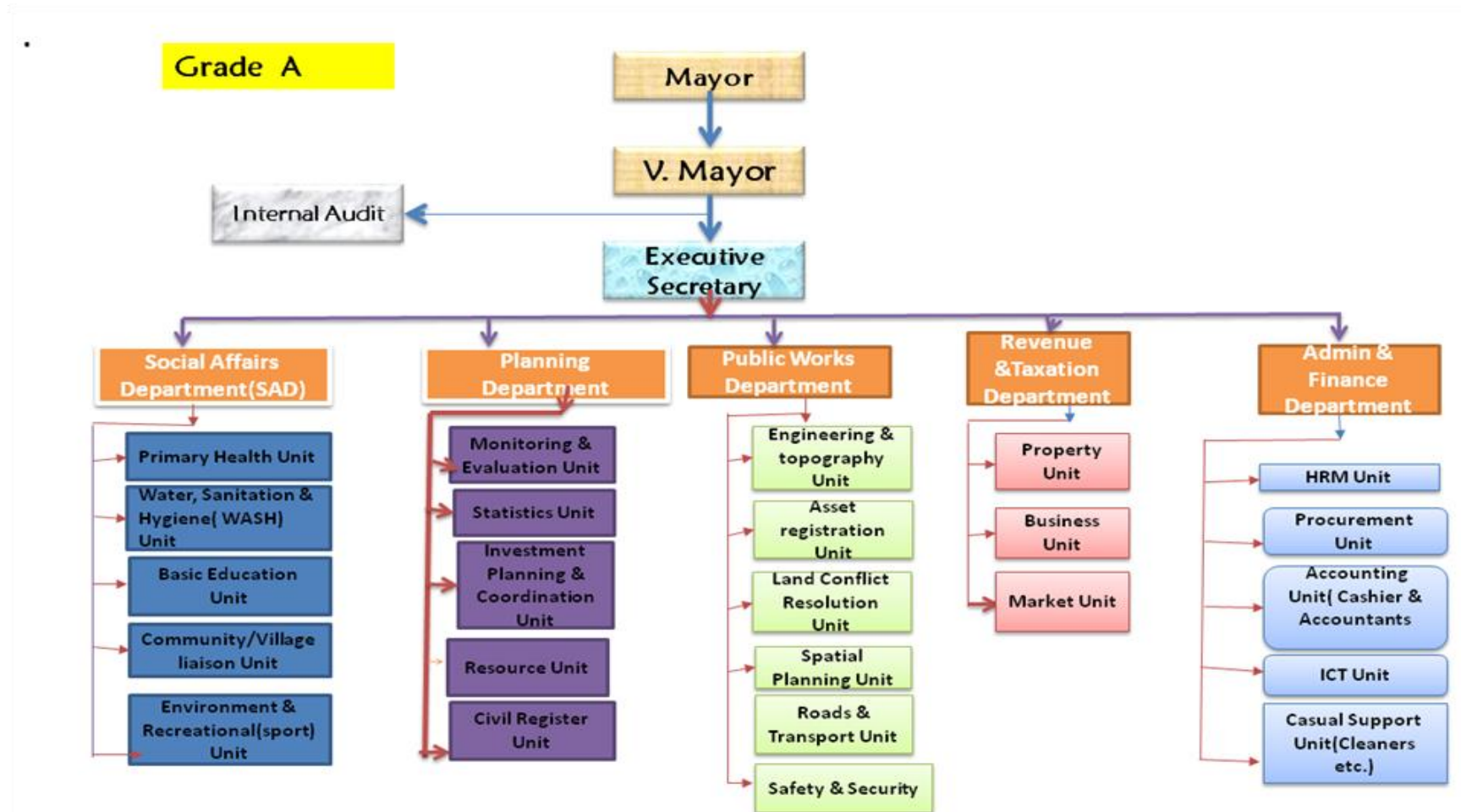
Department of Social Affairs

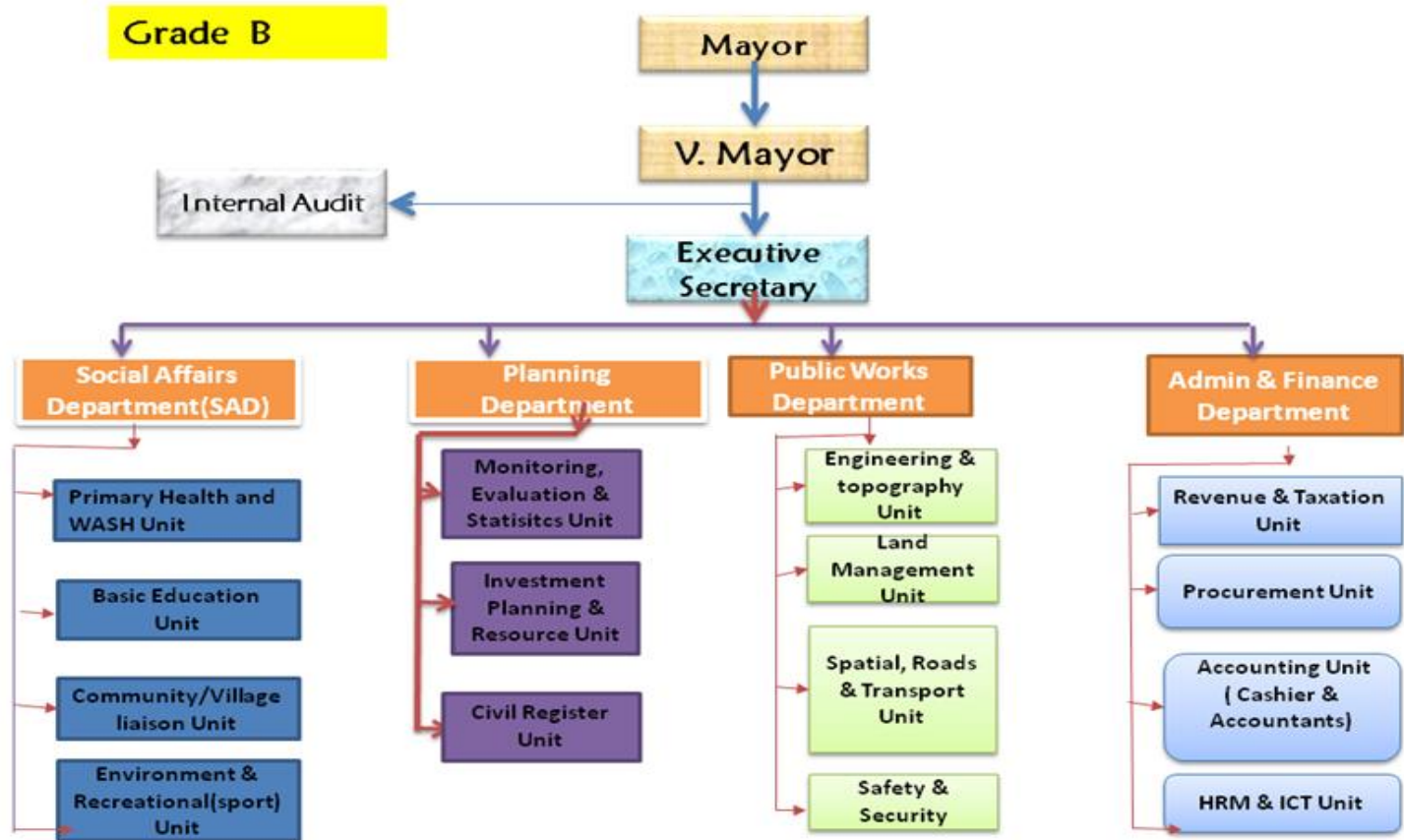
1. Cleansing, sanitation and beautification of the district.
2. To develop the environment and natural resources of the district.
3. To develop art, sport, literature and culture
4. To promote and encourage Islamic, national and international values.
5. To care for the general sanitation and prevent communicable diseases.
6. To evacuate the public in the event of a disaster.
7. To build and renovate primary, *Koranic* school and mosques.
8. Construction and management of centres for the care of the mother and child and the family management schools.
9. Prepare, plan, ensure and balance the need for the water points (kiosks) and their availability.
10. Management and oversight of rural development measures.
11. Improvement of burial activities and cemetery.
12. Prepare the table of shifts of the pharmacies and health centres.
13. Oversee the suitability/usage of medicine and canned food items and their expiry dates.
14. Improvement of markets for the sale of local crops and to promote their consumption.
15. Enforcing good behaviour and supporting needy people.
16. To fix prices of commodities and protection of stable food.
17. Enforcing good conduct, operating time of the video centres, cinemas and marriage halls.
18. Registration and census of the population after the authorisation and regulating laws from the Ministry of Interior in order to harmonise the article on this and the responsibility of the Ministry on the same in the citizenship law.

Department of Public Works

1. Carry out needs assessment and develop a land use management system through wide consultation with the citizens. In developing the system the planner must consider factors such as the social, economic, environmental, and cultural and transportation that define the life of the city. It should also take into account the current uses of existing buildings, roads and facilities in the city, as well as how these uses may affect the city in the future;
2. Develop city master plan that is commensurate with the level of development of the city and work with engineers, architects, developers and the general public to ensure its implementation;
3. Identify, demarcate, protect and promote heritage sites of cultural and historical significance;
4. Develop strategic and comprehensive short/medium/long-term plans for the development of the city and its citizens;
5. planning, designing, implementation and monitoring of all infrastructure works and related services in line with the development priorities of the Municipality;
6. Development and management of Municipality's assets both in built environment and infrastructure (mainly transport) sub-sectors. Assets in built environment include Hospitals, Schools, Police Buildings, Prisons, Courts, administrative buildings, etc. whereas assets in infrastructure sub-sector may include Roads, Bridges, and Culverts etc.
7. planning and implementation of environmental protection works including forestation, flood controls and water reservoir
8. Acquire, provide, standardize, maintain and rehabilitate vehicles, plant and equipment for use by the municipality.

Annex 2: District Structures – Grades A, B, C





Grade C

