

PSAM

Public Service
Accountability
Monitor



policy forum

Welcome!

Social Accountability Monitoring
Localized

Overview of Session 1

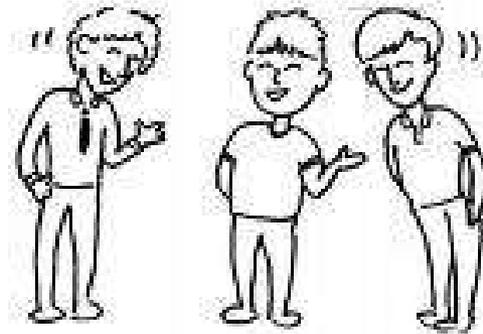
Introductions and Welcome

- Overview of this session
 1. Introductions
 2. What is Social Accountability Monitoring?
 3. Introduction to Social Accountability Monitoring
 - Aims
 - Workshop Structure
 4. Working Guidelines



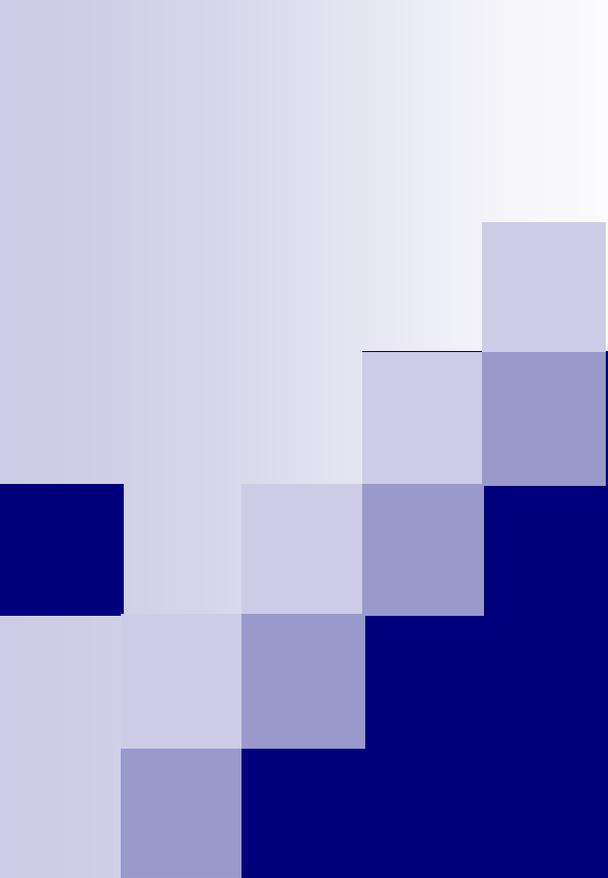
Contact Person

Introductions





What is Social Accountability Monitoring?



Introduction to Social Accountability Monitoring Course

Aims of the Workshop

- Participants who successfully complete this course should
 - Understand a rights-based approach to social accountability.
 - Be familiar with the five processes of public resource management.
 - Understand the five processes as a coherent and integrated social accountability system.
 - Be aware of a set of social accountability monitoring tools for monitoring each process in Tanzania.
 - Be aware of basic principles of social accountability advocacy.
 - Understand the role of oversight in each process.
 - Have identified advocacy entry points in each process.
 - Have identified next steps for the application of social accountability monitoring in their work.

Structure

Week 1

■ Monday

- Session 1: Introductions
- Session 2: Introduction to a rights-based approach to social accountability monitoring
- Session 3 Strategic Planning

■ Tuesday

- Session 3 Strategic Planning
- Session 4 Resource Allocation

■ Wednesday

- Session 4: Introduction to Resource Allocation
- Group Work 1

■ Thursday

- Preparation for presentations
- Presentations

■ Friday

- Session 7: Introduction to Expenditure Management

■ Saturday

- Session 5: Introduction to Advocacy

Structure

Week 2

■ Monday

- Session 8: Introduction to Performance Management

■ Tuesday

- Session 9: Introduction to Public Integrity

■ Wednesday

- Session 10: Oversight
- Session 11: Group Work 2

■ Thursday

- Session 11: Group Work 2

■ Friday

- Session 11: Group Work 2
- Session 12: Where to From Here?
- Course evaluation and conclusion

Participant Manual

- At the front of the file
 - Contents page
 - Course Outline
 - Tanzanian Government Documents

- Eleven sessions
 - 11 sections in your file which contain:
 - Slides presented by facilitators – on WHITE paper
 - Handouts with additional information – on BLUE paper
 - Administrative documentation
 - Evaluation documentation – on YELLOW paper
 - Tanzanian government documents
 - Included in your file – on GREEN paper

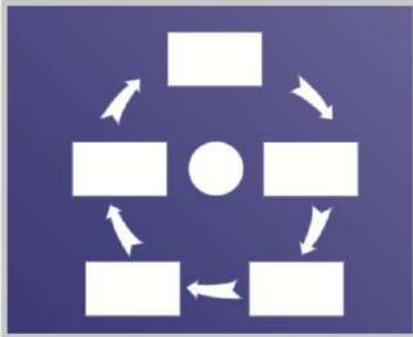
Helpful Icons



TOOL



DOCUMENTATION



PROCESS



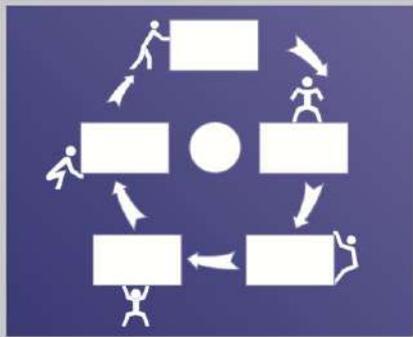
ACTIVITY



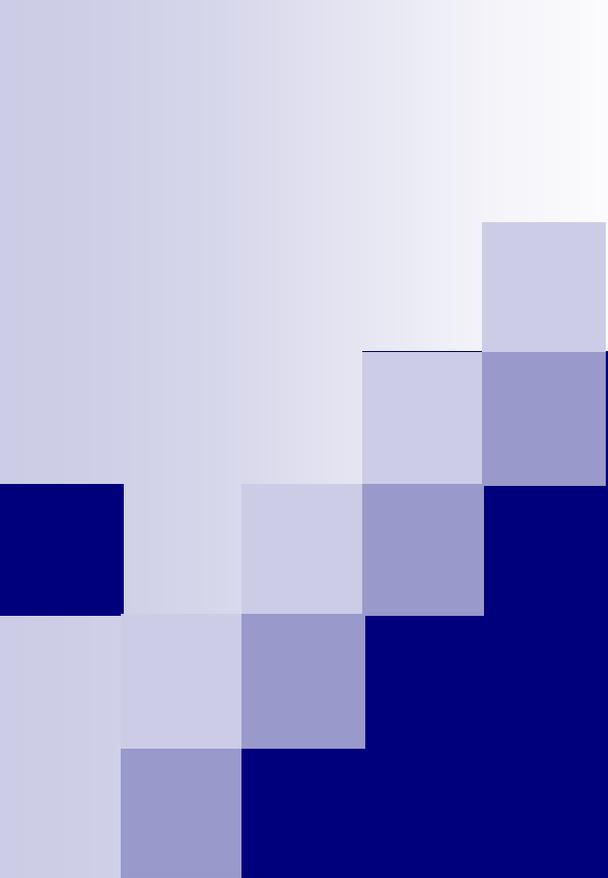
KEY CONCEPT



ROLE PLAYERS



INTERVENTIONS

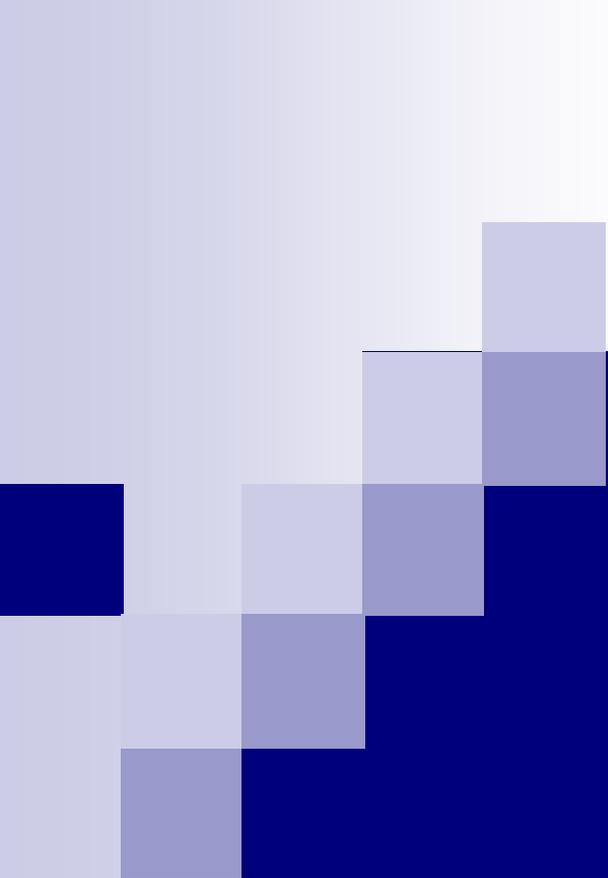


Working Guidelines

Setting Our Working Guidelines

What do you need in order to be in an environment that allows for open, respectful dialogue and maximum participation?





Session 2

Introduction to Social Accountability Monitoring

Overview of Session 2

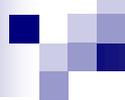
1. A rights-based approach to service delivery
2. What do states need to be able to realise people's socio-economic rights?
 - The Public Resource Management Framework
 - The Right to Social Accountability
 - The Social Accountability System
3. How can civic actors strengthen the Social Accountability System?
4. Tools for Social Accountability Process Monitoring
5. Conclusion

A rights-based approach to service delivery

- United Nations Human Rights Framework
- The International Covenant on Economic Social and Cultural Rights (ICESCR)
 - Signed by over 150 states,
 - Ratified by the Tanzanian National Assembly on 11 June 1974
 - Commits signatories to the progressive realisation within available resources of the rights to:
 - Health
 - Education
 - Social security
 - Adequate standard of living (food, clothing and housing)
 - Continuous improvement of living conditions

African (Banjul) Charter on Human and People's Rights (1981)

- Ratified in Tanzania on 18 February 1984
- **Article 16**
 - 1. Every individual shall have the right to enjoy the best attainable state of physical and mental health.
 - 2. States parties to the present Charter shall take the necessary measures to protect the health of their people and to ensure that they receive medical attention when they are sick.
- **Article 17**
 - 1. Every individual shall have the right to education.
- **Article 22**
 - 1. All peoples shall have the right to their economic, social and cultural development with due regard to their freedom and identity and in the equal enjoyment of the common heritage of mankind.
 - 2. States shall have the duty, individually or collectively, to ensure the exercise of the right to development.



African Commission on Human & Peoples' Rights

Declaration of Principles on Freedom of Expression in Africa, 2002.

Preamble:

“Convinced that respect for freedom of expression, as well as the right of access to information held by public bodies and companies, will lead to greater public transparency and accountability, as well as to good governance and the strengthening of democracy”

IV Freedom of Information

1. Public bodies hold information not for themselves but as custodians of the public good and everyone has a right to access this information, subject only to clearly defined rules established by law.
2. The right to information shall be guaranteed by law in accordance with the following principles:
 - everyone has the right to access information held by public bodies;
 - everyone has the right to access information held by private bodies which is necessary for the exercise or protection of any right;
 - any refusal to disclose information shall be subject to appeal to an independent body and/or the courts;
 - public bodies shall be required, even in the absence of a request, actively to publish important information of significant public interest;
 - no one shall be subject to any sanction for releasing in good faith information on wrongdoing, or that which would disclose a serious threat to health, safety or the environment save where the imposition of sanctions serves a legitimate interest and is necessary in a democratic society; and
 - secrecy laws shall be amended as necessary to comply with freedom of information principles.

Tanzanian Constitution

- Article 14. Every person has the right to live and to the protection of his life by the society in accordance with the law.
- Article 11.-(1) The state authority shall make appropriate provisions for the realization of a person's right to work and access to education, the right to receive assistance from the community at times of old age, sickness or infirmity and in other cases of disability.
- (2) Every person has the right to access education, and every citizen shall be free to pursue education in a field or his choice up to pursue education of his choice to his merit and ability, the highest level according to his merits and ability.
- (3) Every person has the right to access of education and every citizen shall be free to pursue education and technique.
- 29.-(1) Every person in the United Republic has the right to enjoy fundamental human rights and to enjoy the benefits accruing from the fulfillment by every person of this duty to society, as stipulated under Article 12 to 28 of this Part of this Chapter of the Constitution.

Tanzanian Constitution

- 9. The object of this Constitution is** to facilitate the building of the United Republic as a nation of equal and free individuals enjoying freedom, justice, fraternity and concord ... Therefore, the state authority and all its agencies are obliged to direct their policies and programmes towards ensuring -
- (a) that human dignity and other human rights are respected and cherished;
 - (c) that activities of the Government are conducted in such a way as to ensure that the national wealth and heritage are harnessed, preserved and applied for the common good and also to prevent the exploitation of one person by another;
 - (f) that human dignity is preserved and upheld in accordance with the spirit of the Universal Declaration of Human Rights;
 - (g) that the Government and all its agencies accord equal opportunities to all citizens, men and women alike without regard to their colour, tribe, religion, or station in life;
 - (h) that all forms of injustice, intimidation, discrimination, corruption, oppression or favouritism are eradicated;
 - (i) that the use of national wealth places emphasis on the development of the people and in particular is geared towards the eradication of poverty, ignorance and disease;

Rights-based approach to service delivery

- Citizens are not passive users of public services; they are active holders of fundamental rights
- BUT, A right is something that we deserve rather than something we actually have.
 - Having a right is not the same as having access to that right.
 - Eg. The right to health versus access to health care.
- In order to be realised, a 'right' – or *what citizens deserve* must become a 'capability' – *what they are actually able to be or do*.
- For socioeconomic rights, this is done through the delivery of services that address a set of basic human needs.

Basic Human Needs



PHYSIOLOGICAL NEEDS

**Needs required for
survival**

(clean air, food, water, primary health, shelter, clothing, the ability to pro-create, social security, personal security, security of property, etc)

FUNCTIONAL NEEDS

**Needs required for one
to interact constructively
with others and with
one's context**

(work, basic knowledge and skills,, language and communication, dignity, opportunity to associate with others, participation -mechanism for collective decisions and action, special needs -eg. for those with disabilities, etc)

FLOURISHING NEEDS

**Needs required for one
to evolve**

(love, friendship, belonging, capacity to question, freedom to decide and act, curiosity, self esteem, values, ethics and integrity, imagination, ability to create and innovate, spirituality, personal growth, personal expression, ability to work towards and fulfill one's potential, etc)

Human Rights Obligations of the State

- Basic needs are the foundation from which human rights emerge.
- Since human rights are guaranteed in law, states are the primary mechanism through which human rights are realised.
- Article 2 of the ICESCR imposes the following obligation upon states:
 - **The progressive realisation of all rights guaranteed in the treaty** (access to the rights must be better tomorrow than it was yesterday)
 - **To do this to the maximum of its available resources** (states must obtain and use all resources available to them to ensure that realisation happens effectively and promptly)

Human Rights Obligations of the State

- Progressive realisationto the maximum of its available resources (ICESCR – Article 2)
- **Obligation to Respect**
 - States must not do anything to prevent access to the right
- **Obligation to Protect**
 - States must make sure that any enterprises or individuals do not deprive individuals of their access to the right.
- **Obligation to Fulfil**
 - (**facilitate**) States must engage in activities that strengthen people's access to and use of resources and means to ensure their access to and enjoyment of the right.
 - (**provide**) means that the State must provide that right directly when an individual or group is unable to do so for themselves.

What do states need to do to be able to realise people's socio-economic rights?

- Act as an efficient public resource management framework
- Made up of 5 key processes:
 1. Resource Allocation and Strategic Planning
 2. Expenditure Management
 3. Performance Management
 4. Public Integrity Management
 5. Oversight
- These processes should account to citizens on a regular basis through the core documentation produced by each process.
 - Rigorous and detailed documents enable public managers to effectively manage public resources
 - Public entities must justify and explain their performance to citizens through these documents
- If documents are not produced, or are of poor quality, then public officials are unable to effectively manage public resources or to deliver public services and they are not accountable to citizens.

How do states realise people's socio-economic rights?

Human needs are prioritised by setting **policies** which articulate the commitment by a government to transform a human need into a capability to address that need.

Strategic planning sets out a roadmap for how to get from the policy decision to the delivery of a service that will enable the need to be addressed.

Resource allocation serves as a link between what is needed to deliver a service and the resources available to address this need.

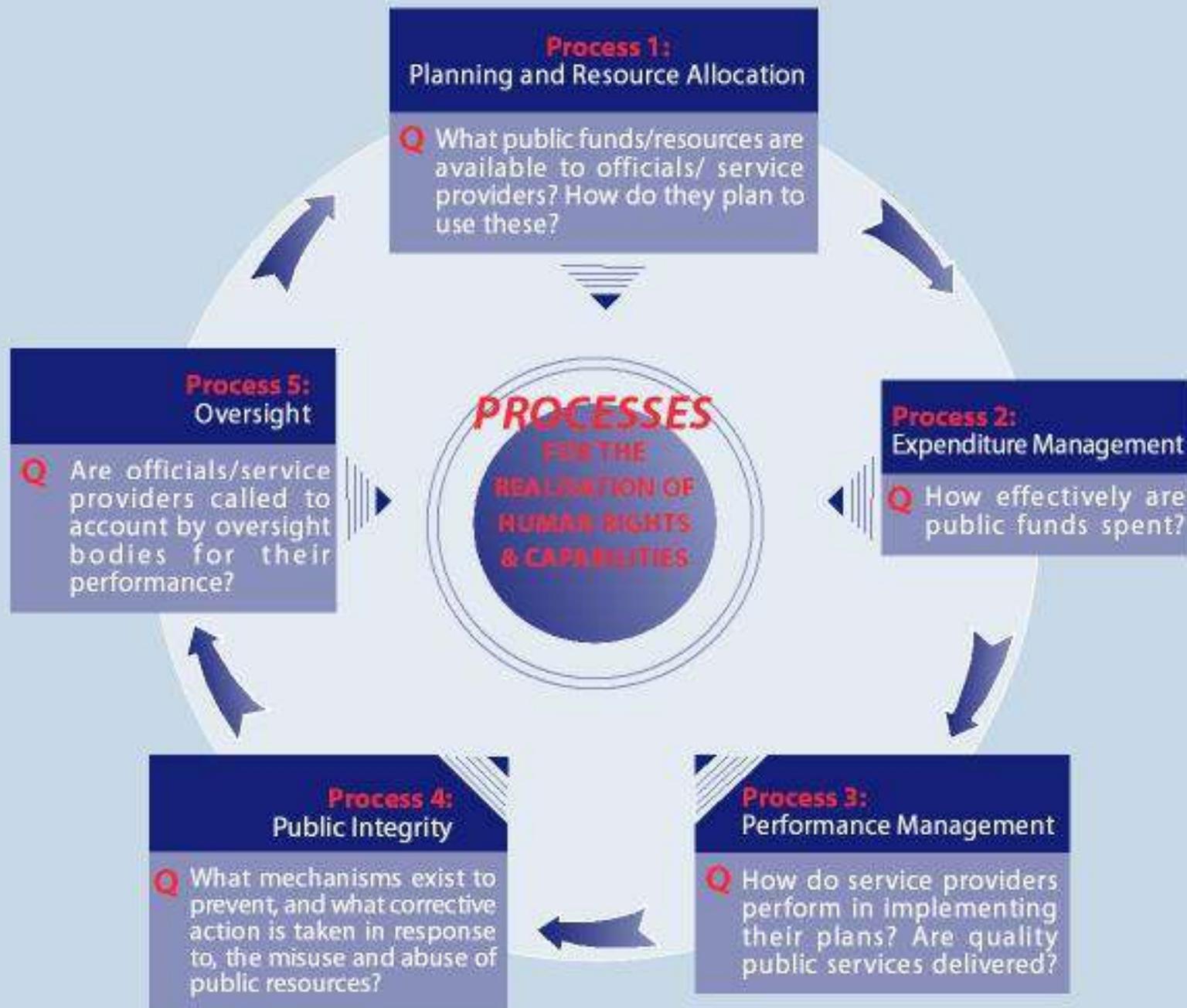
Expenditure management is the management, distribution and spending of allocated financial resources to procure goods and services that will deliver the intended policy objectives.

Performance Management is the management and use of resources available to government to deliver services as per the strategic plan in the most efficient, effective and economic way possible so as to progressively realise socioeconomic rights.

Public Integrity Management is the establishment and enforcement of a framework and a set of practices to prevent and correct the misuse or abuse of public resources.

Oversight is the monitoring, scrutiny and supervision of all activities of the executive and any organ of government, to ensure the optimum use of resources that will address identified needs.

The Social Accountability System



The Right to Social Accountability

- To deliver services, states need:
 1. To implement each of the five public resource management processes
 2. To account for all their decisions and actions to citizens

The **right to social accountability** asserts:

a) that every state (*as duty bearer*) is obliged to:

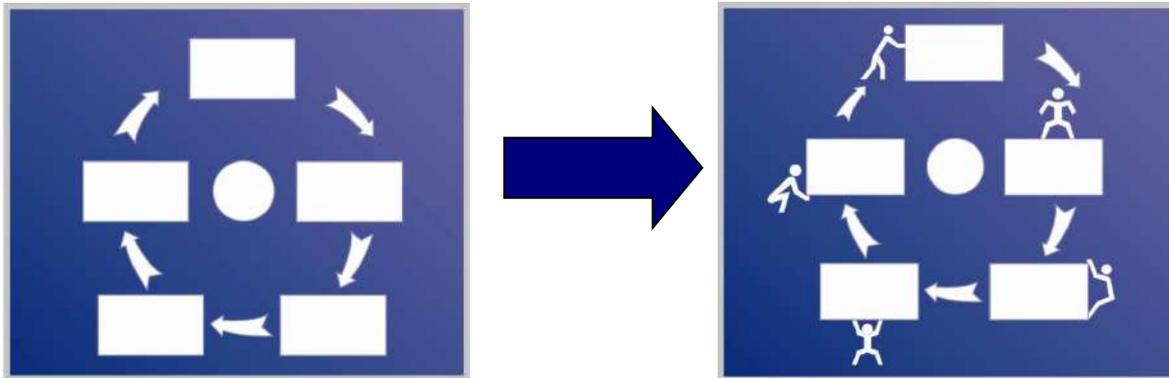
- **justify and explain** its decisions and actions in this regard to its citizens as a matter of course and this should be done through the core documentation produced through each of the 5 processes and made available to the public
- to take timely **corrective action** where weaknesses are identified.

b) that all citizens (*as rights holders*) have the right to:

- demand these **justifications and explanations** and **corrective action** from the state when it fails to provide them adequately.

The Social Accountability System

- State: from public resource management system to social accountability system
 - Processes transformed into social accountability processes
- Must institutionalise meaningful civic participation
 - Five processes must institutionalise provisions:
 - To ensure civic actors are able to demand justifications and explanations for the decisions and performance of those managing public resources
 - To ensure that those responsible for the management of resources have the capacity to supply such justifications and explanations and to take any required corrective action



How can civic actors strengthen the Social Accountability System?

- Demand for social accountability is necessary for supply
 - Who should demand?
 - Civic actors, Constitutional Oversight Bodies and Supreme Audit Institutions
 - What should they demand?
 - Justifications, explanations and corrective action
 - In **each** process

- Weak or ineffective demand:
 - Ineffective implementation of 5 social accountability processes
 - One weak process = weak system
 - Failure to deliver services
 - Failure to be held accountable

3 Ways for rights-holders to engage with the Social Accountability System

1. Policy monitoring and analysis

- **Focus:** the analysis and amendment of policies, constitutional, legislative and regulatory provisions governing the various processes of the social accountability system in democratic states – including political and institutional governance, policy making, macro-economic policy and freedom of information legislation.
- **Possible advocacy strategy:** civic networking and direct lobbying of policy-makers

2. Social accountability process monitoring

- **Focus:** Ongoing implementation of the five processes making up the social accountability system
- **Possible advocacy strategy:** civic networking and high profile, ongoing critical engagement with public officials, the Executive and oversight bodies to obtain justifications for their performance in ensuring the effective implementation of the five social accountability processes.

3. Local level needs analysis and social auditing of outputs/outcomes

- **Focus:** Identification of pressing local needs and the verification of promised outputs and outcomes, including the implementation of public service delivery projects and programmes, at the community, constituency or local authority level
- **Possible advocacy strategy:** civic networking culminating in public hearings, direct engagement with, and monitoring of, political representatives, project managers and local officials, calling for justifications for the delivery of promised outputs/outcomes.

Example: Human Resources for Health



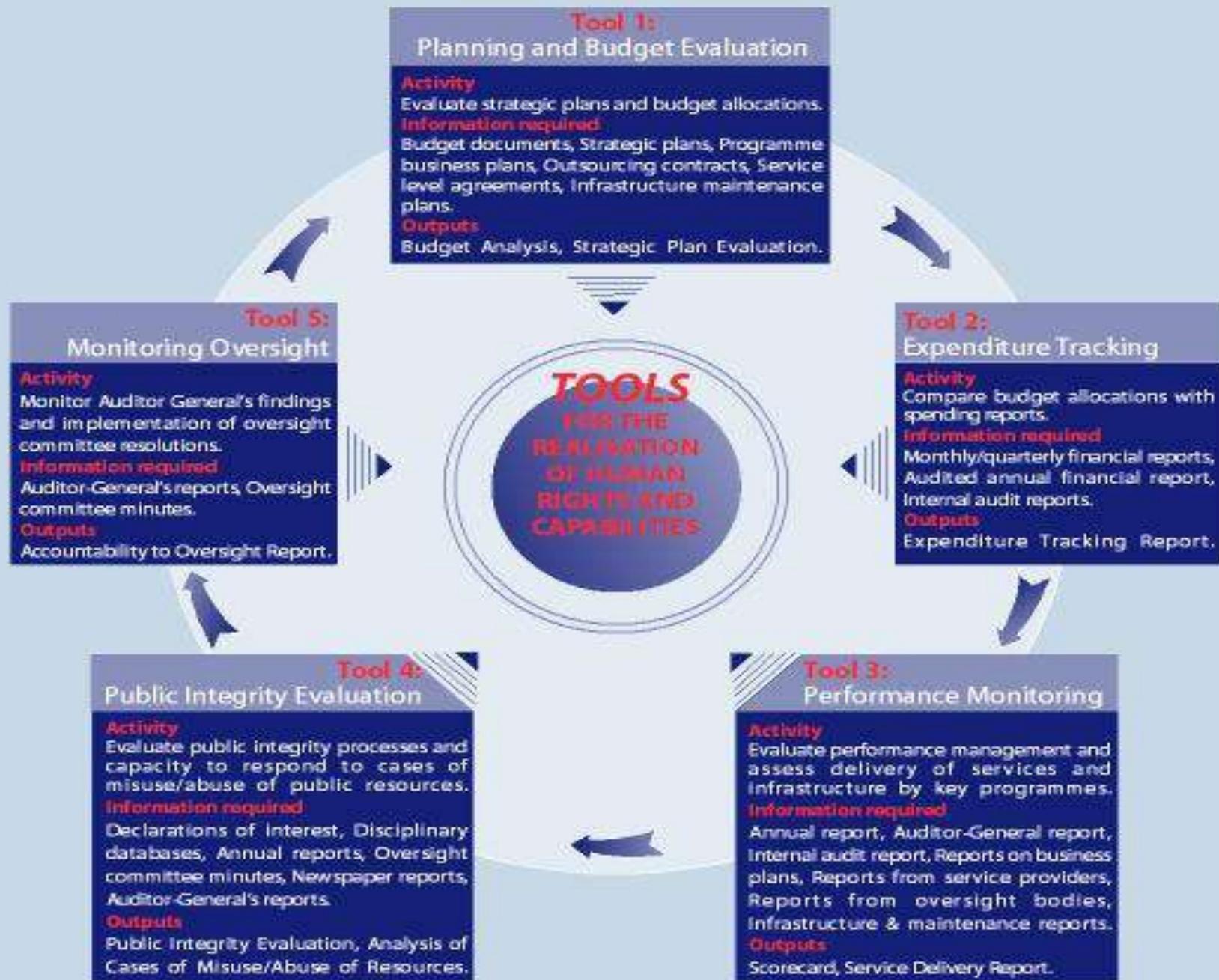
■ Right to Health

1. Analyse whether the human resources for health (HRH) policy adequately addresses the need for qualified health staff and possibly advocate for any necessary amendments
2. Monitor how the five processes of the social accountability system are implemented in relation to human resources for health and advocate for the improvement of PE budgets and HR plans, as well as expenditure and performance management. They may also demand corrective action be taken against public officials who misuse or abuse HRH funds and advocate for improved oversight of HRH.
3. Determine how HRH affects people's right to health by facilitating a needs analysis or evaluate the effectiveness of individual recruitment and retention strategies within communities by facilitating a social audit.

Social Accountability Process Monitoring

- PSAM, through its monitoring and advocacy programme, focuses on (2) social accountability process monitoring
- To engage effectively in each process, civic actors must:
 1. Demand access to the management documents these processes should produce (e.g. budgets, plans, expenditure and performance reports, oversight reports, etc).
 - Strengthen the social accountability system by ensuring that management documents are produced
 2. Analyse these documents, enabling them to:
 - Demand justifications absent from the documents
 - Conduct evidence-based advocacy on the improvement of the documents' quality
 - Engage effectively with public officials in the relevant process using evidence

Tools for Monitoring the Social Accountability System





Example: HRH Planning in CCHPs

- Demand access to the draft Comprehensive Council Health Plan (CCHP) for a particular district
 - Important management document
 - Should guide budget for the effective management of health staffing.
 - Should also be publicly available
 - After evaluating the draft CCHP, civic actors can demand justifications for what is (*or what should be*) in the plan, thus giving effect to the right to social accountability.
 - Where plans lack relevant detail, civic actors can conduct advocacy demanding such detail is included in the current and future CCHPs.
 - By analysing the CCHP, civic actors also begin to engage with Process 1, making evidence-based recommendations for how the HRH problem is being addressed and how performance can be improved.
- Where draft plans are unavailable, civic actors can analyse previous CCHPs and performance reports to conduct evidence-based advocacy on future HRH planning.

Key points to remember!

- All human beings have rights which are guaranteed in the domestic, regional and international commitments signed up to by the state.
- The state has the obligation to address a range of needs which will give citizens the capability to experience the progressive realisation of their rights within available resources.
- An accountable state delivers services in order to address a prioritised and sequenced set of needs through five inter-related public resource management processes.
- These five processes form the social accountability system through which the state is accountable to its citizens.
 - The right to social accountability asserts:
 - a) that every state is obliged to **justify and explain** its decisions and actions to its citizens through the core documents produced through each process and to take timely **corrective action** where weaknesses (particularly systemic weaknesses) are identified.
 - b) that all citizens have the right to demand these **justifications and explanations** and corrective action from the state when it fails to provide³⁵ them adequately.

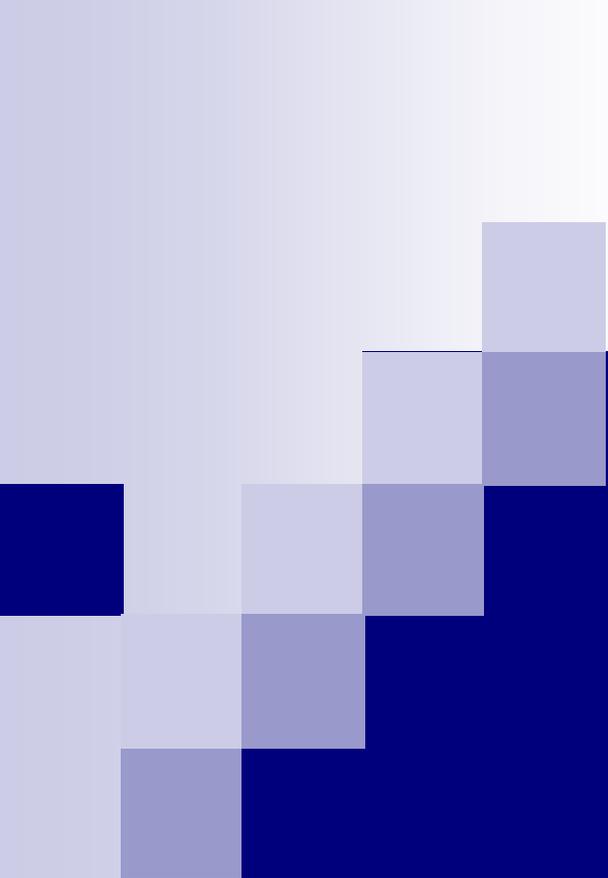
Conclusion

- The PSAM argues:
 - All human beings are equal and are equally entitled to the resources required to realise their fundamental human rights and capabilities
 - The state should act as a social accountability system
 - Effectively and responsively manage public resources
 - Progressively realise people's rights and capabilities
 - Civic actors can help to strengthen the social accountability system by:
 - Demanding justifications and explanations for the use of public resources
 - Demanding corrective action is taken where these resources are misused or abused
 - Monitoring and engaging in evidence-based advocacy on each of the five social accountability processes
 - Effectively participating in each process, thus giving effect to the right to social accountability and promoting the progressive realisation of people's socio-economic rights through the delivery of public services.

Session 2

What we have covered:

1. A rights-based approach to service delivery
2. What do states need to be able to realise people's socio-economic rights?
 - The Public Resource Management Framework
 - The Right to Social Accountability
 - The Social Accountability System
3. How can civic actors strengthen the Social Accountability System?
4. Tools for Social Accountability Process Monitoring
5. Conclusion



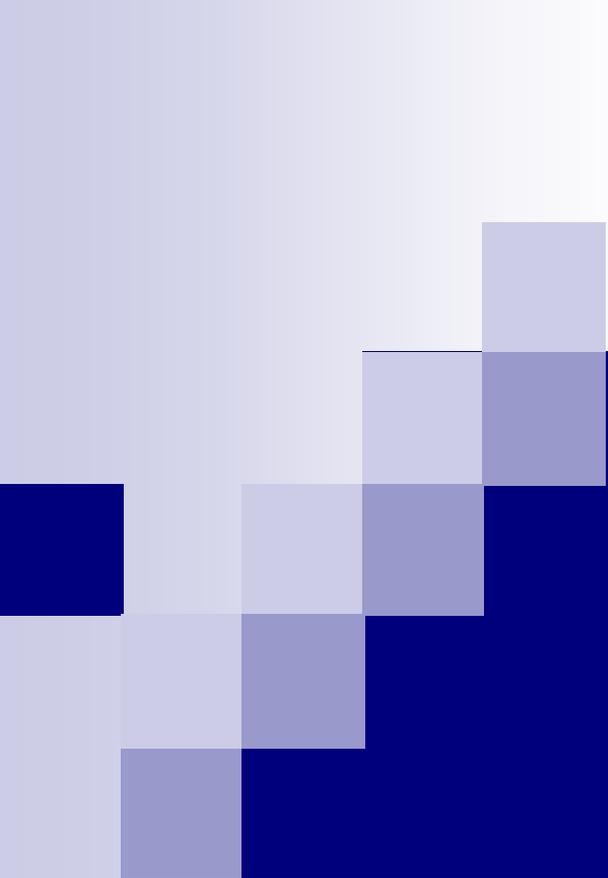
Session 3

Introduction to Strategic Planning

Session 3

- **The first half of Process 1: Strategic Planning and Resource Allocation**

- **Session 3 consists of four parts:**
 1. What is Strategic Planning?
 2. Why Monitor Strategic Plans?
 3. Strategic Planning in Tanzania
 4. What to look for in a Strategic Plan



Part 1

What is Strategic Planning?

1. What is Strategic Planning?

- **Human needs** are prioritised by setting **policies** which articulate the government's commitment to transform a human need into a capability by delivering a set of public services.
- **Strategic planning** sets out a roadmap for how to get from the policy decision to the delivery of a service that will enable the need to be addressed.

What is strategic planning?

Strategic Planning is like a road map for service delivery

- **Destination** = the realisation of socio-economic rights
- **Current location** = result of a rigorous needs and situation analysis
- **The strategic plan** = map of how to get from the current location on a journey that ultimately leads to the destination.
- **The budget** = are the resources available to get there (vehicle, fuel, driver, etc).
- Road map may either cover the entire journey (or a leg of the journey)

Effective strategic planning should result in effective service delivery if sufficient resources are allocated and the strategic plan is properly implemented

Strategic planning

**We evaluate the process by evaluating its information output:
Strategic Plans**

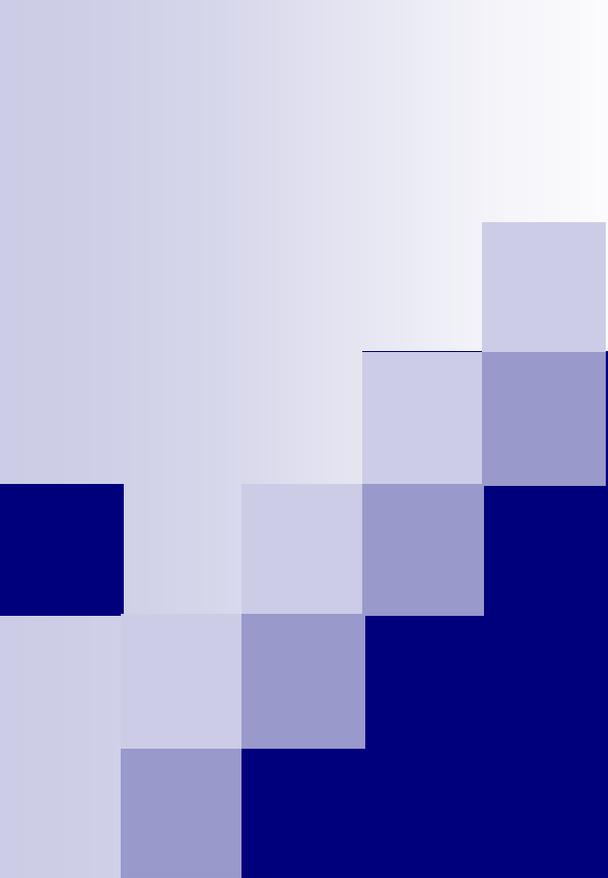
The strategic PLANNING PROCESS is distinguished from the strategic PLAN

■ **Strategic Planning Process**

- Process by which needs are identified and prioritised and plans drawn up to address them
- Conducted by service delivery LGA/LGAs working in different sectors and different levels of government

■ **Strategic Plan (document)**

- The plan is **a document** and the output of the strategic planning process
- Sets out what a service provider plans to do over an upcoming period
- Can be evaluated to assess whether what is planned is likely to be achieved.



Part 2

Why Monitor Strategic Planning?

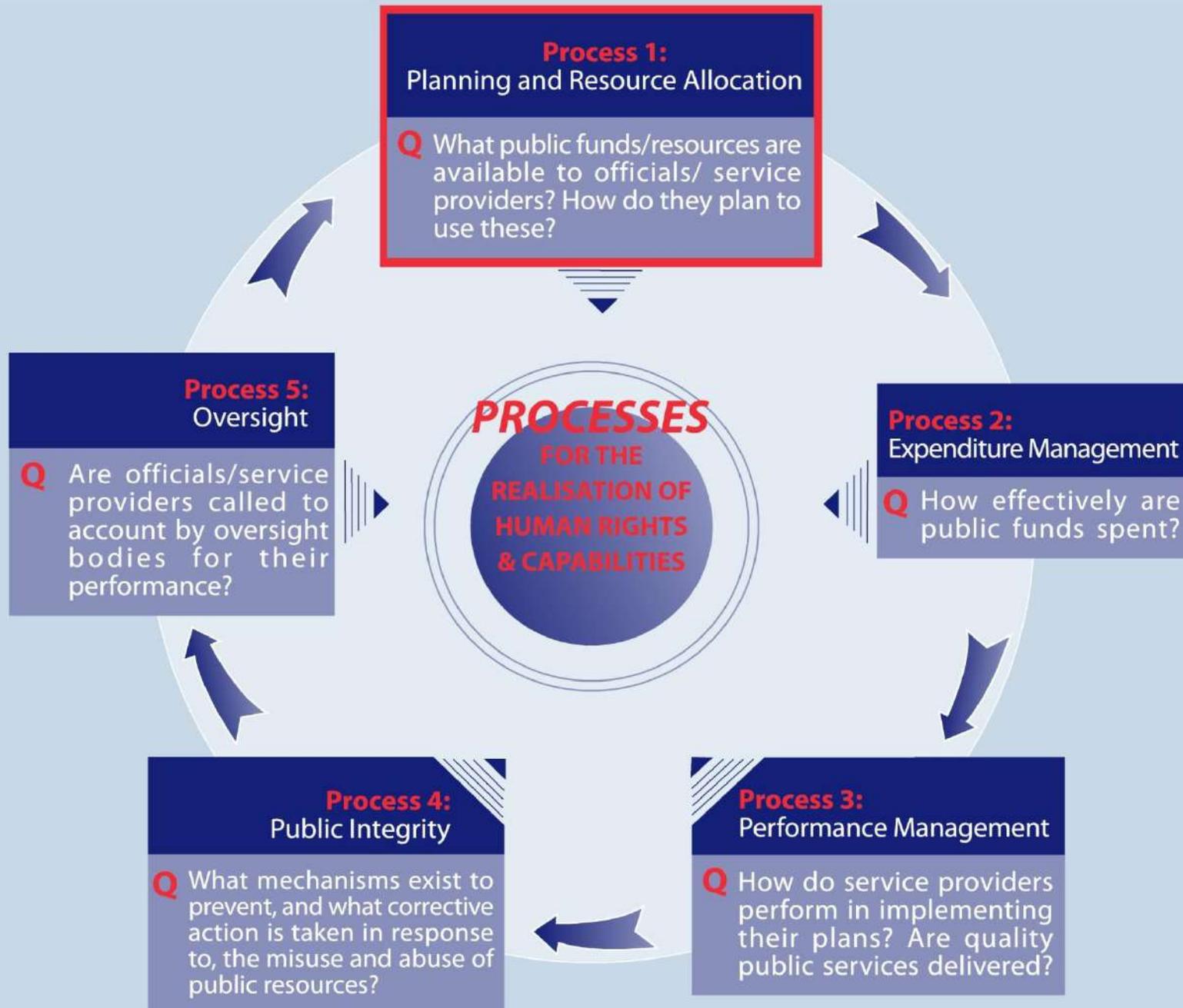
2. Why Monitor Strategic Planning?

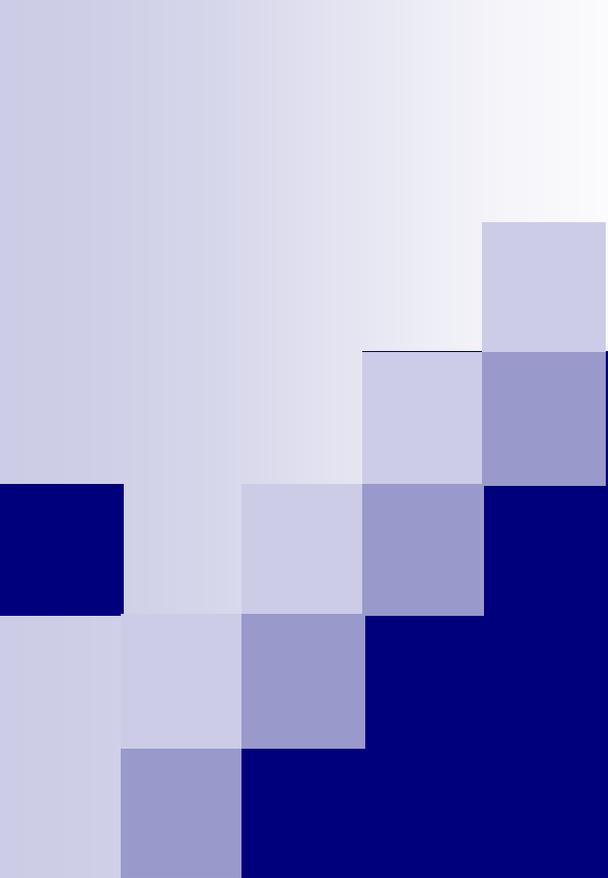
- 2.1 A rights-based approach to evaluating strategic planning
- 2.2 Strategic planning and the right to social accountability
- 2.3 Strategic planning within a SAS monitoring approach

2.1 A rights-based approach to evaluating Strategic Planning

- **All citizens have rights** which are guaranteed in the domestic, regional and international commitments signed up to by the state.
- The state has the obligation to address a range of needs which will give citizens the capability to access **the progressive realisation of their rights within available resources**.
- An accountable state addresses these needs through **five public resource management processes**. Strategic Planning is the first half of *Process 1* within the Public Resource Management Framework.
- The **right to social accountability** asserts:
 - a) that every state is obliged to **justify and explain** all of its decisions and actions to its citizens as a matter of course and to take timely **corrective action** where weaknesses are identified.
 - b) that all citizens have the right to demand these **justifications and explanations** and **corrective action** from the state when it fails to provide them adequately.

The Social Accountability System





Part 3

Strategic planning in Tanzania

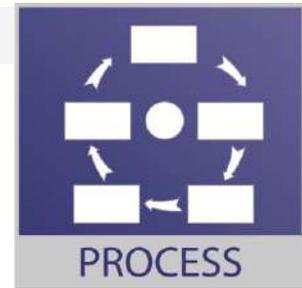
Strategic Planning in Tanzania

- 3.1 General requirements
- 3.2 Key Role Players
- 3.3 Information requirements
- 3.4 Strategic planning timeline

3.1 General Requirements

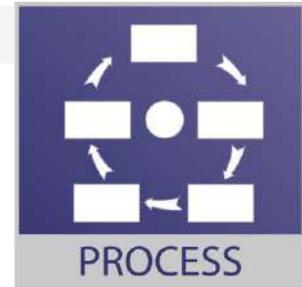
- Which needs will be addressed?
 - Identification of needs
 - Prioritisation of policies
- What must be taken into account?
 - Needs analysis
 - Internal environment evaluation
 - External environment evaluation
- What needs to be done?
 - Production of draft strategic plans
 - Negotiation of plans
 - Consolidation of plans
 - Production of final strategic plan
- What happens when?
 - Alignment to budget cycle
 - Multi-year planning & budgeting
- Whose opinion counts?
 - Consultation (with whom?)
 - Role players
- Who gets to make the final decision?
 - Tabling before the Legislature

3.1 General requirements



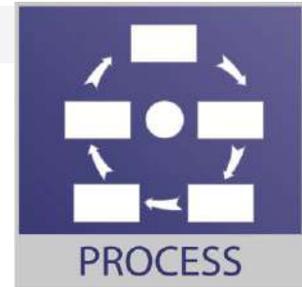
- **Identification of Needs and Needs Analysis**
- Identification and Prioritisation of needs = elaborated as policy priorities (a political process)
 - In Tanzania, the Planning & Budget Guidelines (issued once a year to guide the preparation of plans and budgets) give detailed instructions on the policy priorities for the upcoming financial year
- Needs analysis = through strategic planning and resource allocation (a technocratic process)
 - Once needs are identified, they must be unpacked to determine the size and nature of the gap that needs to be filled, as it relates to the mandate of a particular government institution. This is done by conducting a rigorous and up-to-date needs analysis.

3.1 General Requirements



- **Policy Prioritisation**
- **Human needs** are prioritised by setting **policies** which articulate the commitment by a government to transform a human need into a capability to address that need.
- **Strategic planning** sets out a roadmap for how to get from the policy decision to the delivery of a service that will enable the need to be addressed.
 - Policies should take needs analyses into account
 - Policy priorities should form guiding principles for planning and budgeting
 - Plans must align with national (and sectoral) policy priorities

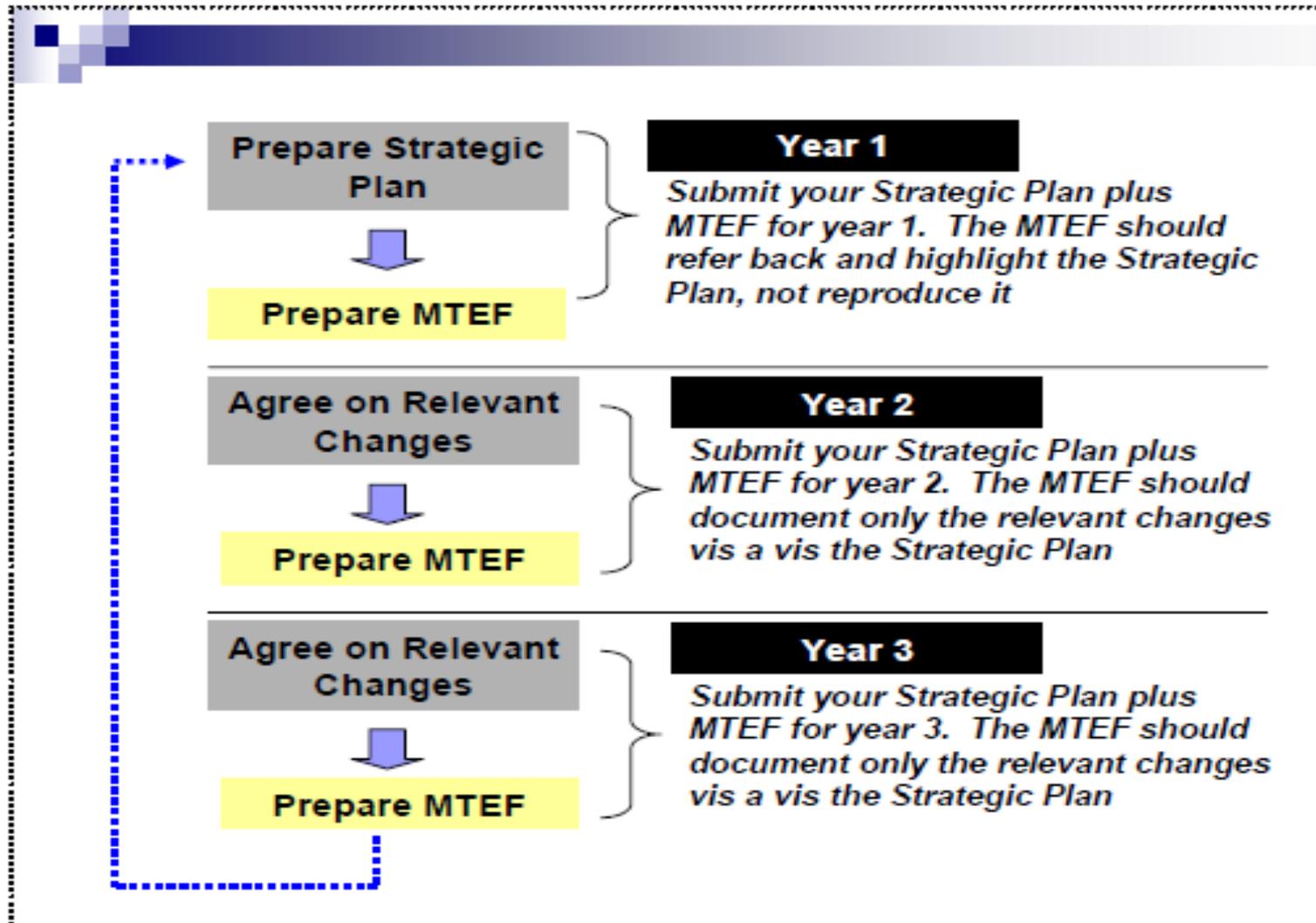
3.1 General Requirements

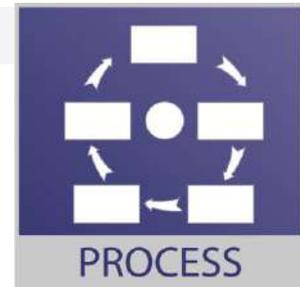


■ Medium-term planning and costing

- Realisation of socio-economic rights is a long-term project
 - Policies and strategies to implement them require multi-year focus
 - Many governments have different plans for different timeframes.
 - On this course we focus on strategic planning for the medium term.
- Medium term planning: generally covers a 3 to 5-year timeframe, and is normally done annually on a rolling basis.
 - Medium terms plans are most coherent when timeframes are linked to those of resource allocation
 - *In Tanzania Strategic Plans are prepared using a 3-year timeframe. (MTSPBM 2005)*
- Short-term, medium-term and longer-term plans should align
 - BUT: some flexibility required, since needs may change over time

Frequency of Planning in Tanzania



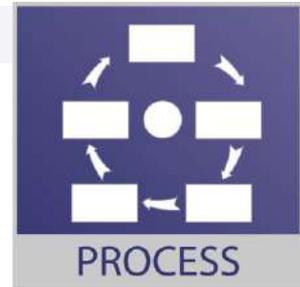


3.1 General Requirements

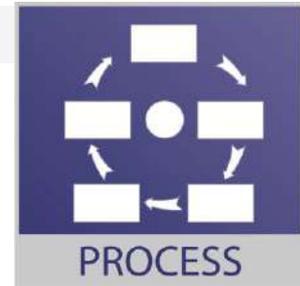
■ Evaluation of Internal Environment

- Staffed and capacitated planning unit
- Human resource capacity
 - Ability to implement plan depends largely on human resource capacity
 - Vacancies and capacity deficiencies must be taken into account
 - Recruitment and retention strategy developed and costed
- Long-term implications of new initiatives
 - Plans should take into account ongoing commitments and their future implications
 - This may restrict a planning unit's ability to undertake new initiatives.
- Audit Queries
 - Reflect weaknesses in internal environment
 - Strategic plans must contain specific provisions to address them comprehensively and without unnecessary delay.

3.1 General Requirements



- **Evaluation of External Service Delivery Environment**
 - Identify external service delivery constraints
 - Assess the implications of initiatives on the external and internal environments.
 - Measures to improve the quality of service delivery
 - Access to services
 - Standards
 - Systems of service delivery



3.2 General Requirements

■ Consultation and Participation

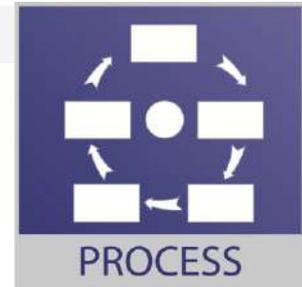
- Internal role players
 - Staff – to ensure buy-in and to ensure planning is realistic and achievable
- External role players, including partners in service delivery:

Other MDAs/LGAs	Communities
Public entities	Outsourced private service providers
NGOs	Independent research bodies

■ Past Performance

- Identify progress made and what must still be done in terms of long-term objectives (baseline information for monitoring & evaluation)
- Must take into account the LGA's performance in implementing its current strategic plan
- Previous expenditure and performance reports reviewed and fed into planning process

3.2 General Requirements



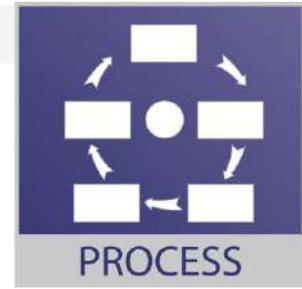
■ Draft plan produced

- Draft should consolidate bottom-up processes
- Should be made publicly available
- Basis of negotiations (where bottom-up meets top-down)

■ Negotiation

- Aligned with macro-planning frameworks
 - International commitments
 - National and sectoral plans
 - Regional, district, ward and village plans must align
- Aligned with macro-budgeting frameworks
 - Reflect on previous expenditure and future potential spending pressures
 - Draft plans can be used to motivate for additional funding
 - Once final allocation determined, plan must be adjusted
- Donors
 - Wherever possible negotiate for on-budget funding modalities
 - Ensure that any off-budget funding is comprehensively reflected in your plan
 - Aim to plan in an integrated manner to address the most pressing needs rather than to cater for the priorities of funding sources.

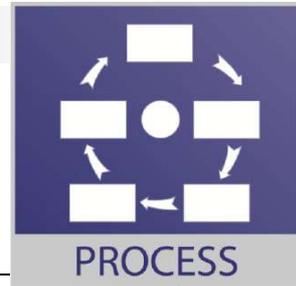
3.2 General Requirements



- **Preparation of planning documentation**
 - Plans must be consolidated
 - Aligned with allocations proposed to Legislature

- **Final Strategic Plan should be tabled in the Legislature**
 - Together with budget
 - Legislature should have sufficient time to examine both final plans and budgets
 - Should be able to demand justifications and explanations both the content of the plan and its alignment to the budget.
 - Final strategic plan should be approved with budget for each government institution

3.2 Participatory Planning at Village level in Tanzania (O & OD)



	<i>Opportunities and Obstacles for Development (O & OD)</i>
Day 1	<ul style="list-style-type: none"> • Extraordinary Village Assembly for launching the planning process. • Formation of focus groups • Household wealth ranking. • Drawing the map
Day 2	<ul style="list-style-type: none"> • Transect walk • Historical time lines • Gender Resource Map analysis • Institutional analysis • Seasonal calendar • Sources of Revenue and Expenditure • Gender daily activities calendar
Day 3-5	Focus Groups to discuss the Tanzania Development Vision 2025

O and OD Process Continued.

Day 6	Focus groups to integrate the draft plan
Day 7	<ul style="list-style-type: none">• The Village Council to prioritize specific objectives• Prepare the Plan• Prepare 3 year Plan
Day 8	Ward Development Committee Meeting to be held so as to give advice on the draft village plans.
Day 9	Extra ordinary village assembly to receive and approve the village development plan

^[1] Source: Prime Minister's Office – Regional Administration and Local Government (PMO-RALG) & JICA, "The Study on Improvements of Opportunities and Obstacles to Development (O&OD) Planning Process", 2006

3.2 Key Role Players



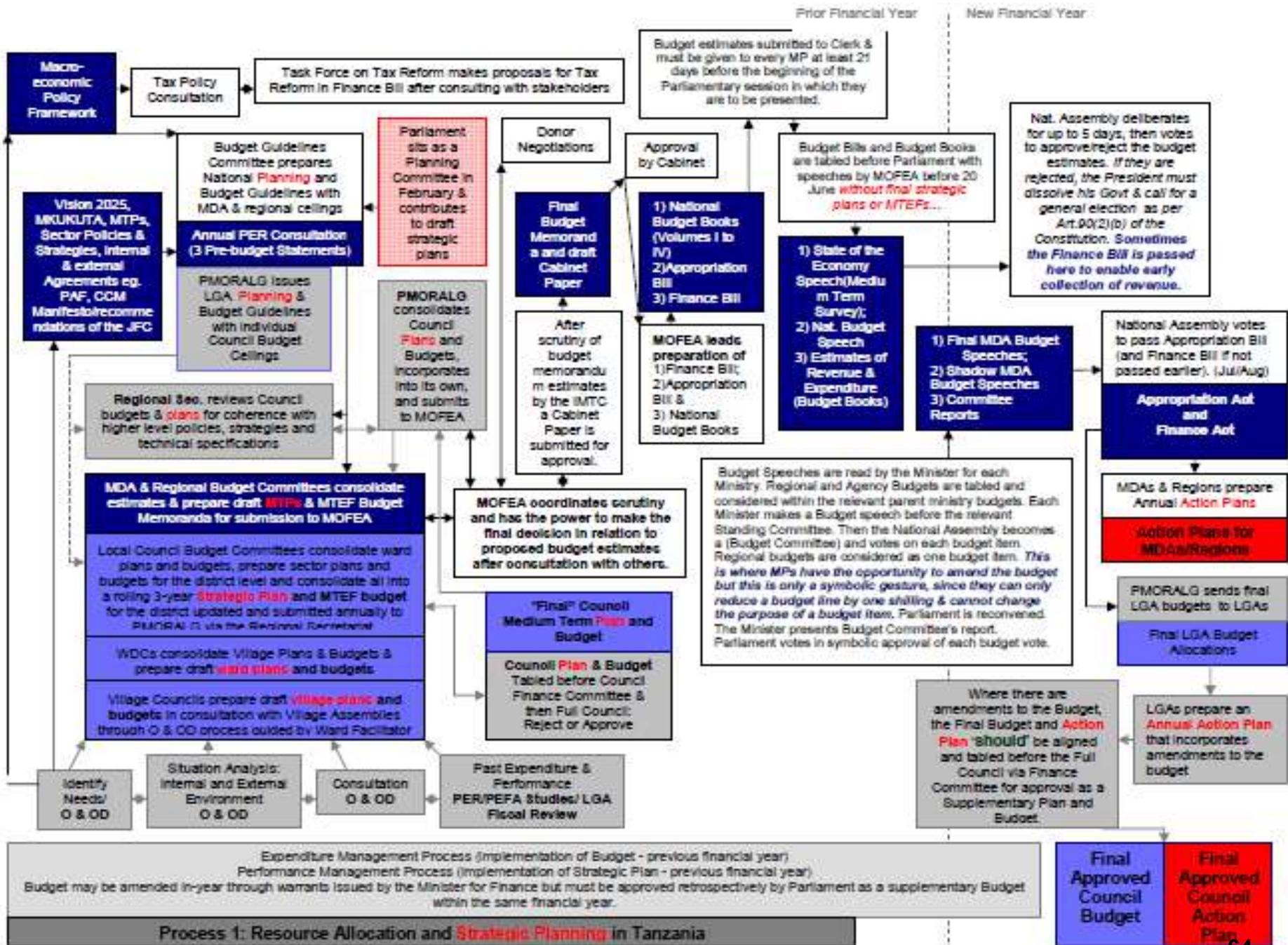
- What role should each of the following role players have in the strategic planning process?
 - Permanent Secretary
 - Administrative Head of MDA/LGA/ Permanent Secretary
 - Council Health Management Team (CHMT)
 - Clinical staff within a Council Health Centre
 - Department of Policy and Planning
 - Other MDA/LGAs and parastatals
 - Legislature/ District Council
 - Cabinet
 - Civil society organisations and interest groups
 - Village Assembly

Information requirements



- Policy speeches
- Planning guidelines (eg. Medium Term Planning and Budgeting Manual 2005 or CCHP Guidelines)
- Higher level Planning Frameworks (eg. Vision 2025 and MKUKUTA)
- National and sector policies
- Sector and sub-national strategic plans (medium-term 3-year plans and one year-action plans)
- Draft strategic plans (medium-term and one year-action plans) (eg. Comprehensive Council Health Plan - CCHP)
- Final strategic plans (medium-term and one year-action plans)
- Service delivery agreements (eg Client Service Charters)
- Performance Agreements
- MDA/LGA organogram
- Infrastructure plans, HR Plans, Audit Plans
- Legislation and other mandates

**All this information
should be made
publicly available!**





3.4 Strategic Planning Timeline

- Let's take another look at the key SP process questions on slide 18.
 - Which needs will be addressed?
 - What must be taken into account?
 - What needs to be done?
 - What happens when?
 - Whose opinion counts?
 - Who gets to make the final decision?
- In groups of 3 or 4, each group will be assigned one of the above questions to discuss in relation to the Process 1 timeline.
- Identify which stages in the Tanzanian strategic planning process would answer your assigned question.
- You have 10 minutes for discussion after which each group will report to plenary.

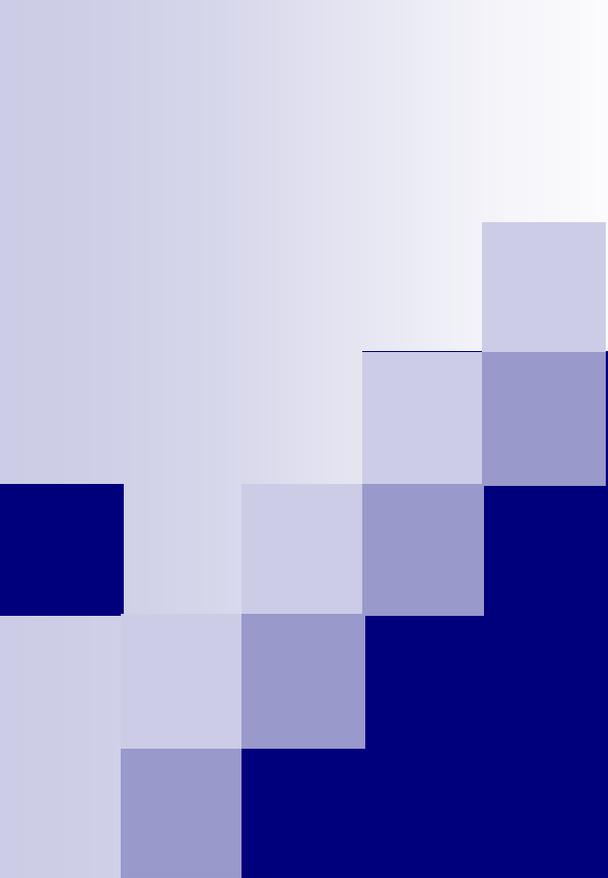
Session 3

What we have covered so far:

1. What is Strategic Planning?
2. Why Monitor Strategic Plans?
3. Strategic Planning in Tanzania

Still to come:

4. What to look for in a Strategic Plan



Part 4

What to Look for in a Strategic Plan

Strategic Plan Evaluation



- The format, presentation and content of strategic planning documents may differ between different levels of government and different LGAs/sectors
- Draft country specific ‘compliance’ evaluation questions by accessing Planning Guidelines, legislation, etc
 - National District Health Planning Guidelines– see the *Reference Documents* section on page 2 of Siha CCHP 2009/10
 - Make your own compliance checklist (include references!)
- This part of Session 3 introduces a set of tools to analyse basic requirements for any strategic planning document
 - This includes generic questions to ask in evaluating the strategic plan of an MDA or LGA or private service provider responsible for the delivery of a public service.

Strategic Planning Documentation

- Understand the structure of the plan
 - To understand how the document is structured, you must first look at the Table of Contents.
- E.g. Siha Comprehensive Council Health Plan 2009/10
 - Look at page i of the Siha CCHP.
- Also look at templates issued with the Planning and Budgeting Guidelines (PBG) (how *should* it be structured)
- Map an overview of the plan once you have read through it (how is it structured?)

Strategic Planning Concepts



Strategic Goals



- Describe the overall strategic direction of the LGA
- Long-term outcomes to be achieved by the LGA through the combined efforts of multiple programmes
- General statements, describing key areas of performance critical to the realisation of the LGA's vision
- Guide planning and the identification of strategic objectives, measurable objectives and activities

Example

- Strategic Goal: All children of school-going age have access to education

Strategic Objectives



- More concrete and specific than strategic goals
- Articulate the rationale for planned activities
- Identified for each programme and strategically important sub-programme
- Should clearly relate to strategic goals
- Clear enough to guide planning and identify measurable objectives
 - Vague objectives - difficult to identify measurable outcomes and to prioritise
- If properly articulated, should be action-orientated, beginning with the word 'to' and followed by a verb

Example

- Strategic Goal – All children of school-going age have access to education
- Strategic Objective – To declare poorest 20% of schools no fee schools

Measurable Objectives



- Specific things that the LGA intends doing or delivering in order to achieve its strategic objectives
- Direct causal link between measurable objectives and one or more of the strategic objectives of a particular programme
 - If measurable objectives were achieved, corresponding strategic objective would also be achieved
- An important part of performance management
 - LGAs able to measure and report on their own performance against measurable objectives
 - Oversight bodies able to monitor the LGA's performance and hold responsible officials to account



Measurable Objectives

- Measurable objectives must comply with the **SMART** principle:
 - **Specific** - will it be possible to determine when the objective has actually been achieved, or is the objective vague?
 - **Measurable** - how many houses, schools, hospitals, grants? Is it possible to measure the LGA's objective?
 - **Aligned** – Does the objective align with higher level and lower level objectives? Is it aligned with bottom-up planning priorities and top-down macro-level policies? Are the lower level objectives all that is 'sufficient and necessary' to achieve the higher level objectives?
 - **Realistic** - linked to the above, is it a realistic objective? Is the LGA able to achieve it, or does the objective rely on external factors or things beyond the LGA's control? Is it realistic to set such an objective given past performance and current constraints, particularly financial and human resource constraints?
 - **Time-bound** - by when must the objective be completed?

Measurable Objectives

■ Example

- Strategic Goal: All children of school-going age have access to education
- Strategic Objective: To declare poorest 20% of schools no fee schools
- Measurable Objectives:
 - Identification of all schools eligible for no fee status according to poverty index by June 2004
 - Complete database of no fee schools available on Ministry of Education website by September 2004

Performance Targets and Indicators



- Performance targets
 - Set out what the LGA aims to achieve in realising a particular measurable objective within a financial year
 - Should be the measure by which public officials' performance is judged
 - LGA accountable to achieving these targets

- Indicators
 - Set out how the LGA's performance will be measured throughout the implementation process
 - Useful management tool (M&E)

Performance Targets and Indicators



- Indicators need to be:
 - Measurable or quantifiable
 - Reliable – they should produce the same results when used more than once to measure the same condition or event
 - Valid – they should only measure what they are supposed to measure
 - Affordable/Feasible – human and financial costs required to monitor the indicator should be affordable and should be able to be carried out within a reasonable timeframe

Performance Indicators



- Indicators need to be:
 - **Measurable** or quantifiable
 - **Reliable** – they should produce the same results when used more than once to measure the same condition or event
 - **Valid** – they should be able to measure what they are supposed to measure
 - **Affordable/Feasible** – human and financial costs required to monitor the indicator should be affordable and should be able to be carried out within a reasonable timeframe

Example

- Strategic Goal: All children of school-going age have access to education
- Strategic Objective: To declare poorest 20% of schools no fee schools
- Measurable Objectives:
 - Identification of all schools eligible for no fee status according to poverty index by June 2004
 - Complete database of no fee schools available on Ministry of Education website by September 2004
- Indicator for MO 1: % of schools evaluated according to poverty index
 - Baseline 2003: 65%
 - Target 2004: 100% (1st Quarter: 80%; 2nd Quarter: 100%)

Activities



KEY CONCEPT

- Set out what the LGA plans to do in order to achieve its measurable objectives
- Must be specific enough to know when they have been completed.
- Must have in-year time-frames to enable the monitoring of progress in implementation
- Must be individually costed
 - To ensure necessary resources are available to carry out the activities
 - To ensure accurate expenditure tracking in the implementation of the activities
- In order for expenditure tracking, performance monitoring and accurate reporting to take place, activities must be specific, time-bound and costed

Planning concepts example

- Strategic Goal: All children of school-going age have access to education
- Strategic Objective: To declare poorest 20% of schools no fee schools
- Measurable Objectives:
 - Identification of all schools eligible for no fee status according to poverty index by June 2004
 - Complete database of no fee schools available on Ministry of Education website by September 2004
- Indicator for MO 1: Percentage of schools evaluated according to poverty index
 - Baseline 2003: 65%
 - Target 2004: 100% (1st Quarter: 80%; 2nd Quarter: 100%)
- Activities:
 - Appoint ten school evaluators to fill vacant posts
 - Train evaluators on poverty index matrix evaluation
 - Evaluate remaining 1,063 schools

Evidence of a Needs Analysis



- Strategic plans should clearly set out most pressing socio-economic needs
- Coherent relationship between **needs** and **strategic goals and objectives**
 - Successful implementation of plan would result in these needs being realised within available resources

Key Questions:

- Does the strategic plan list the most pressing socio-economic needs of those the LGA serves?
- Are these needs prioritised in the strategic objectives and activities of the strategic plan?
 - Has a needs analysis been done?

Siha Comprehensive Council Health Plan



- Does the strategic plan list the most pressing socio-economic needs of those the LGA serves?
 - Page vi summarises the “Main Challenges”
 - Chapter 4 looks at “Priority Problems” and divides them into ‘Primary Health problems and ‘Secondary Health problems’
- Are these needs prioritised in the strategic goals and strategic objectives of the plan?
 - If SDC implemented all of its activities and achieved its targets, as they are set out in Chapter 5 of the CCHP, would the objectives be achieved?
 - If the objective is achieved, would the ‘problem’ stated in column 1 be addressed?

Siha Comprehensive Council Health Plan



- Has a needs analysis been done?
 - With the needs that have been identified, has statistically relevant data been provided which quantifies and qualifies how far the needs are to be addressed?
 - Is there analysis showing what is required in this district to address the problem?
 - Eg. For the High Prevalence of HIV/AIDS – objective (see COMMENT on page 11 of the CCHP),
 - Why is it more of a priority to address HIV/Aids than , say Malaria or ARI?
 - What is the HIV/AIDS prevalence rate? How many people are infected?
 - What is the demographic profile for infection? What are the high risk areas and why are they high risk?

Consistency of Plan

■ With Policy Priorities

- Policy priorities should be set out by executive authority
 - Accountable for the implementation of policies and planning
- Compare policy priorities with strategic goals and strategic objectives to determine consistency

■ With longer-term planning frameworks

- One year plans must give effect to multi-year plans
- Compare policy priorities, strategic goals and objectives, programme structures and activities

■ With macro-planning frameworks

- Alignment with international commitments
- Alignment with national and sectoral policy priorities
- Strategic plan should identify wider frameworks and demonstrate relationship to proposed strategic goals and objectives

■ With bottom-up priorities for service delivery

- Consistency with O and OD Plans

Consistency – Key Questions

This tool does not have activities but the notes below list where this information can be found.

Policy Priorities

- Does the Council Director set out the district's policy priorities in the strategic plan? Are these consistent with those in the Planning and Budgeting Guidelines?
- Is there a coherent relationship between the LGA's policy priorities, its strategic goals and its strategic objectives?

Longer-term planning frameworks

- Is there consistency between short, medium and long term plans?

Macro planning frameworks

- Does the strategic plan identify important national, sub-national and international policies, goals or service delivery commitments?
- Is there consistency between these macro policies, goals or service delivery commitments and the LGA policies set out in its strategic plan?

Bottom-up priorities for service delivery

- To what extent are plans consistent with the priorities identified by citizens in the O and OD process?

Internal Coherence



- Direct causal relationship between:
 - Strategic goals
 - Strategic objectives
 - Measurable objectives, and
 - Planned activities
- Internal coherence means: if the LGA effectively implemented each activity, it would achieve each objective, which would result in the realisation of its strategic goal.

Key Question:

- Is there a coherent relationship between strategic goals, strategic objectives and planned activities?

Evaluation of Internal Environment

- Strategic plan should include an account of the LGA's internal organisational environment
 - Ability to implement plan determined by LGA's HR capacity
- Set out how organisational capacity or constraints were factored into the plan
- Recruitment and retention strategy
 - How to address capacity constraints, if any
- Detailed strategy to address audit queries raised in previous financial years
 - Audit queries highlight internal weaknesses
 - LGAs should list A-G's findings pointing to financial management weaknesses or control deficiencies
 - Set out a strategy to resolve these during the upcoming financial year
 - Include human and financial resources required

Evaluation of Internal Environment



Key Questions:

- Does the LGA provide an account of its internal organisational environment?
- Is it clear how this influenced the strategic plan under review?
- If the LGA experiences human resource capacity constraints, does the plan include a detailed recruitment and retention strategy?
- Does the plan include a programme of action to address supreme audit institution findings/queries?
- Does the LGA indicate how it intends to strengthen its compliance with relevant public finance management legislation?

Evaluation of External Environment

- Plans should identify opportunities and constraints relating to service delivery caused by the external environment
 - Demonstrate how these impact the strategic plan
- Brief evaluation of progress made in realising strategic objectives to date
- Indicate what still needs to be achieved
 - Facilitates oversight of multi-year plans
 - Able to evaluate current plan in light of (a) LGA's past performance and (b) what each LGA needs to do to accomplish its overall objectives for each programme
- Indicate measures to improve quality of service delivery
 - Accountable for the quality of services

Evaluation of External Environment



Key Questions:

- Does the LGA provide an analysis of its external service delivery environment and, in particular, particularly in relation to opportunities and constraints?
- Is it clear how the external environment influenced the strategic plan under review?
- Does the plan set out progress in previous years in realising objectives?
- Does the LGA clearly indicate what is being done to improve service delivery?

Consultation



- Should set out who the LGA consulted with during the strategic planning process
- Summarise the outcome of this process
 - Including justifications and explanations for why recommendations made by internal and external role players were/were not included

Key Question:

- Is there evidence in the strategic plan that the LGA consulted with both internal and external role players when drafting its plan?

Partnerships



- Joint responsibility for service delivery with other LGAs
 - Co-ordination mechanisms
- Local authorities – operate clinics, build houses, etc.
 - Plans should include the amount of money to be transferred and purpose of transfer (and conditions attached)
- Public Entities
 - Plans should include name, purpose and amount to be transferred
- Private Service Providers or NGOs
 - Service level agreements signed
 - Plan should include details and cost of any outsourcing arrangements

Key Questions:

- Does the plan detail mechanisms to ensure co-ordination with other role-players, including: other LGAs and local authorities
- Does the LGA detail budgeting for and transfers to public entities and NGOs?

Performance Monitoring and Accountability

- Performance targets set for each measurable objective
 - Must be measurable and observable – enable the LGA and oversight bodies to monitor the LGA's performance
- Performance Indicators for each target
 - Must provide an accurate, unbiased and complete measure
 - Produce meaningful information from a management and oversight perspective
- Planned activities need to be:
 - Specific enough to know when they have been completed
 - Time-bound: in-year time frames to enable in-year corrective measures
 - Costed: ensure accurate expenditure tracking
- Responsible officials identified for each strategic objective
 - Performance agreements should correspond to strategic objectives

Performance Monitoring and Accountability



Key Questions:

- Are performance indicators for strategic objectives measurable and valid?
 - Are activities specific, time-bound and costed?
- Does the plan clearly indicate which officials are responsible for each strategic objective?

Reconciliation of plan with budget

- Coherent relationship between planned activities and final budget allocations
- Plan should reflect LGA's previous financial performance
 - Overview of its medium term revenues and expenditure – previous three financial years
 - Budget allocation for the upcoming three financial years
- Draft plans should be guided by predicted allocations (ceilings in budget guidelines)
 - Where proposed objectives exceed available resources, LGAs must make difficult choices to reprioritise their objectives
- Failure to reconcile performance targets with actual budget allocations
 - Over spending – planned to do more than budget allows
 - Under spending – planned to do less than budget enables

Reconciliation of plan with budget



- Distinguish between main budget allocation and other sources of revenue
- Include separate planned and costed activities for conditional grant and/or donor funds

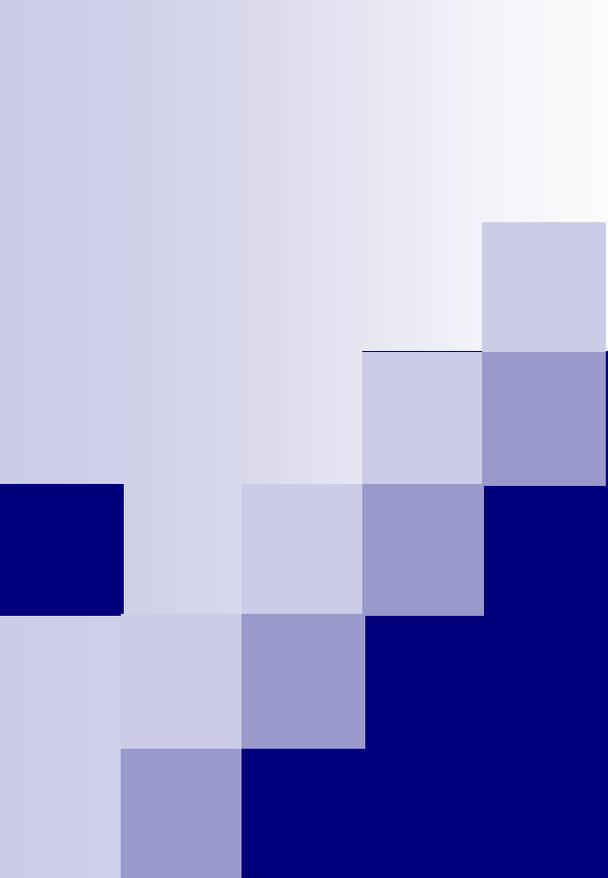
Key Questions:

- Does the plan include an account of the LGA's MTEF revenue and expenditure?
- Does the plan properly reconcile its activities with its available budget?
- Does the plan detail how the LGA intends using any conditional grant and/or donor funds?

Session 3

What we have covered:

1. What is Strategic Planning?
2. Why Monitor Strategic Plans?
3. Strategic Planning in Tanzania
4. What to look for in a Strategic Plan

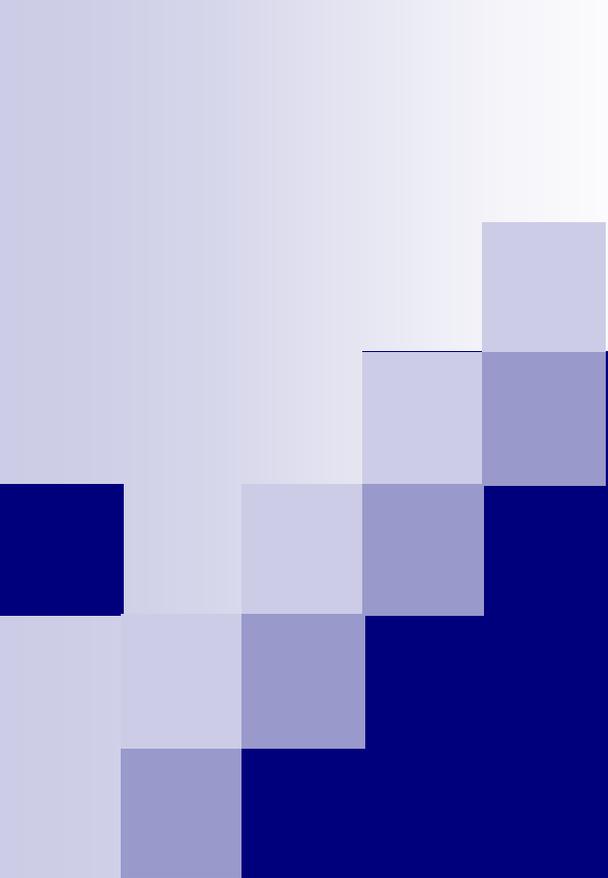


Session 4

Introduction to Resource Allocation

Overview of Session 4

- Second half of Process 1: Strategic Planning and Resource Allocation
- Consists of four parts:
 1. What is Resource Allocation?
 2. Why monitor the Resource Allocation Process?
 3. Resource Allocation in Tanzania
 4. What to look for in a Budget



Part 1

What is Resource Allocation?

1. What is Resource Allocation?

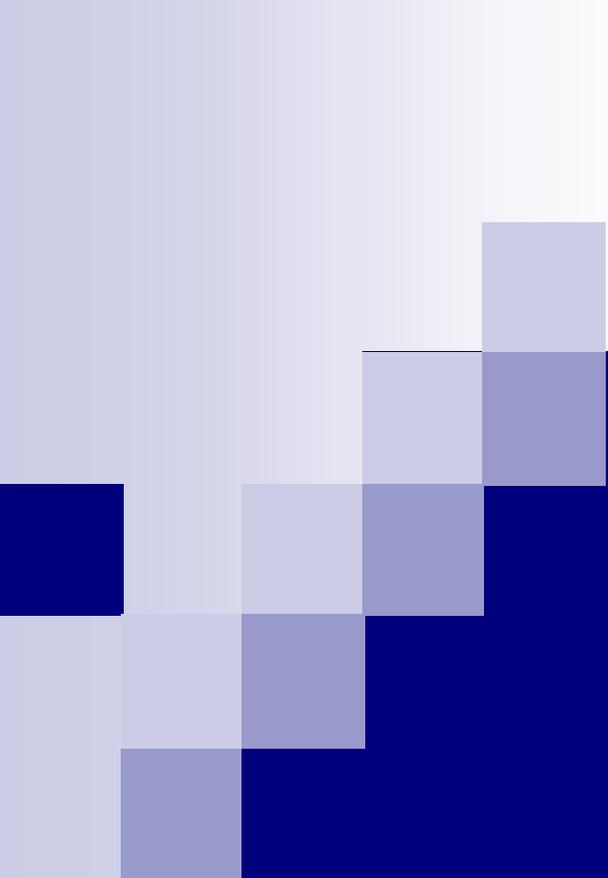
- ***Resource allocation is:*** the process of identifying and distributing available resources (whether human, financial, material etc.) for the optimum achievement of activities and objectives scheduled in a strategic plan

1. What is Resource Allocation?

- **Human needs** are prioritised by setting **policies** which articulate the commitment by a government to transform a human need into a capability to address that need.
- **Strategic planning** sets out a roadmap for how to get from the policy decision to the delivery of a service that will enable the need to be addressed.
- **Resource allocation** serves as a link between what is needed to deliver a service and the resources available to address this need.

Resource Allocation

- **We evaluate the process by evaluating its information output.**
- The budget is the document produced by the resource allocation process
- Should be a monetized articulation of a society's economic and social choices.
- Should set out how government proposes to collect and spend public resources
- Both a policy document and a management instrument
- Also a legal document



Part 2

Why Monitor Resource Allocation?

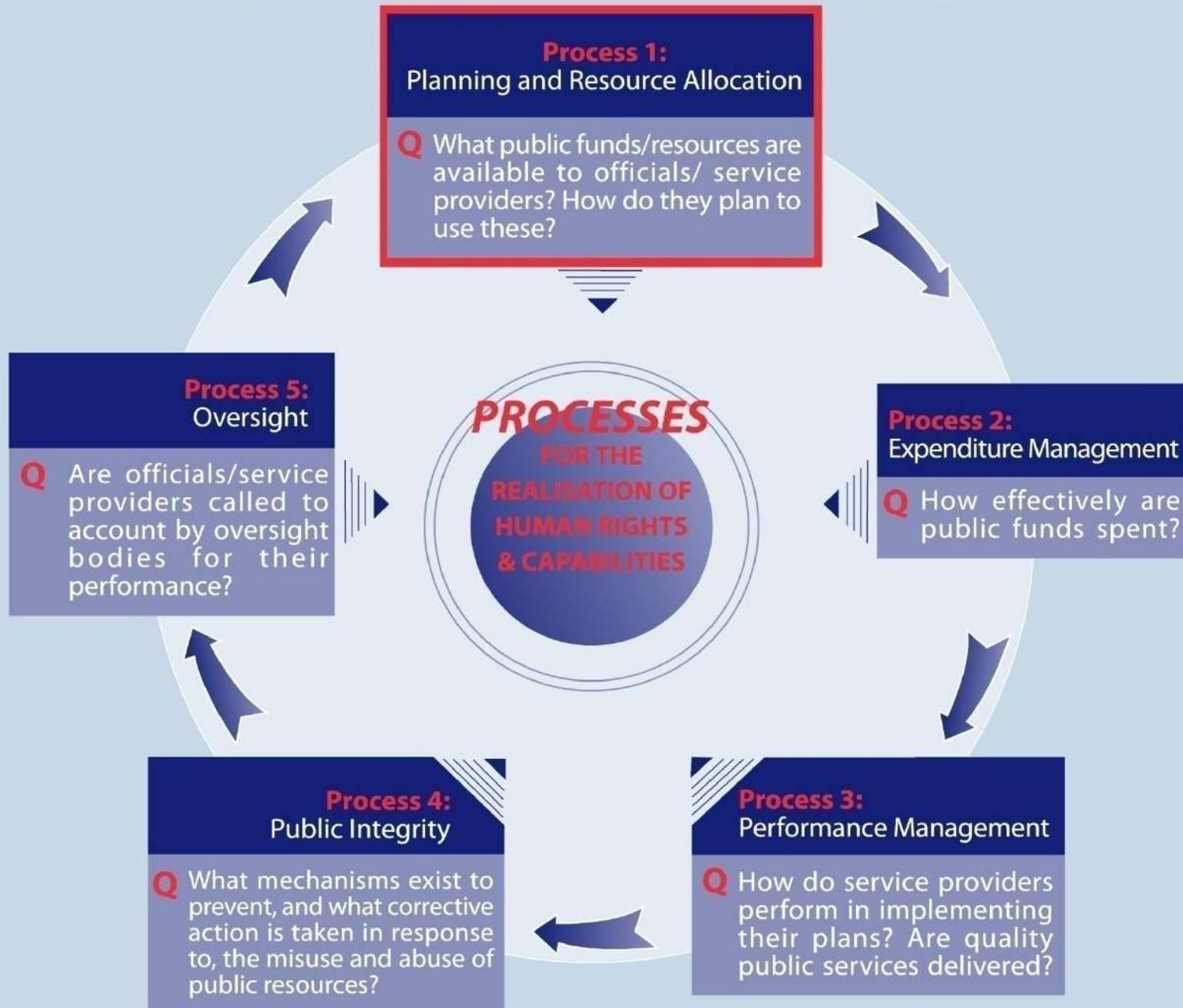
2. Why Monitor Resource Allocation?

- 2.1 A rights-based approach to analysing resource allocation
- 2.2 Resource allocation within a SAS monitoring approach
- 2.3 Resource allocation and the right to social accountability

2.1 A rights-based approach to evaluating Resource Allocation

- **All human beings have rights** which are guaranteed in the domestic, regional and international commitments signed up to by the state.
- The state has the obligation to address a range of needs which will give citizens the capability to experience **the progressive realisation of their rights within available resources**.
- An accountable state addresses these needs through **five public resource management processes**. Resource Allocation is the other half of *Process 1* within the Public Resource Management Framework.
 - The **right to social accountability** asserts:
 - a) that every state is obliged to ***justify and explain*** its decisions and actions in this regard to its citizens as a matter of course and to take timely **corrective action** where weaknesses are identified.
 - b) that all citizens have the right to demand these ***justifications, explanations*** and **corrective action** from the state when it fails to provide them adequately.

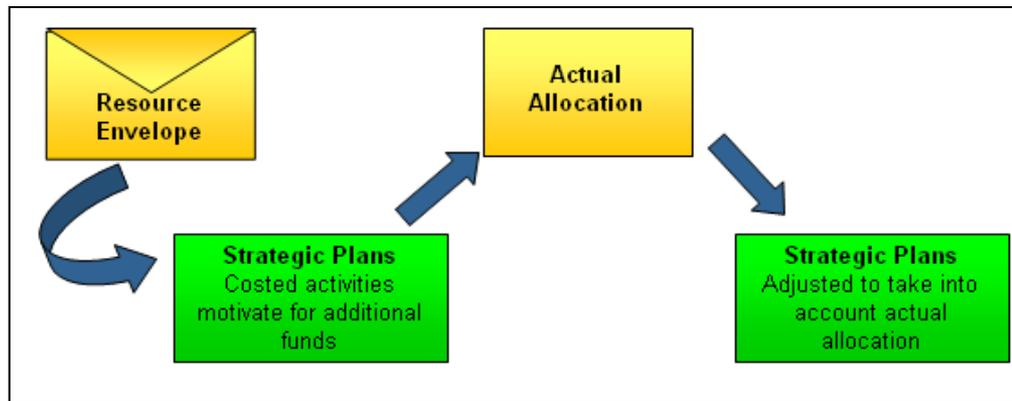
The Social Accountability System



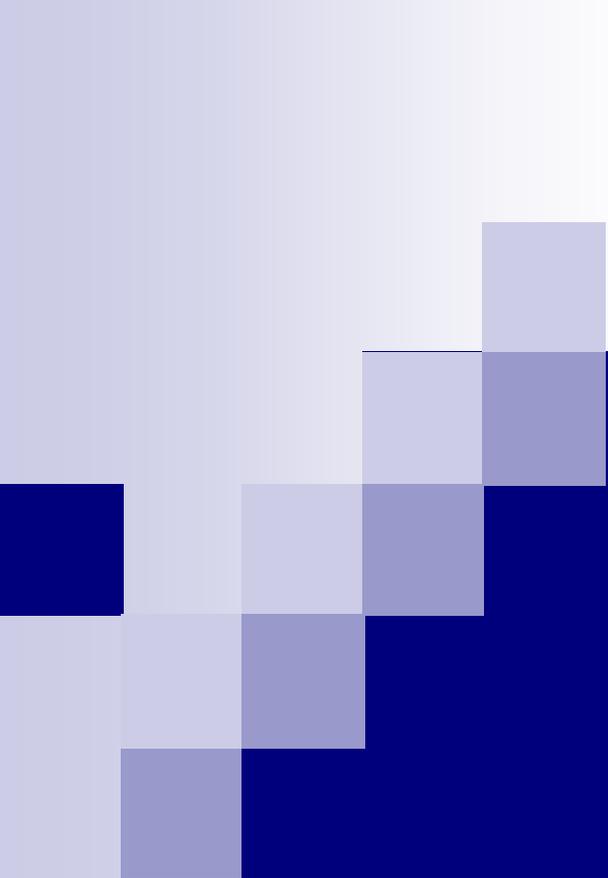
2.2 Resource Allocation within a SAS monitoring approach

■ Resource Allocation and Strategic Planning

- Processes are interlinked:



- The Budget should be the monetisation of the strategic plan.
- However, government institutions must plan within anticipated available resources
- Final plans adjusted to actual allocations
- Resource allocation decisions should only be made on the basis of a detailed and realistic strategic plan



Part 3

Resource Allocation in Tanzania

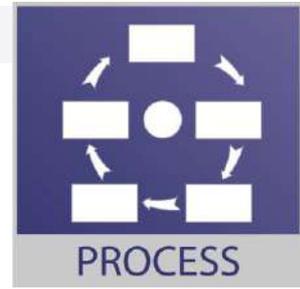
Resource Allocation in Tanzania

- 3.1 General requirements
- 3.2 Key role-players
- 3.3 Information outputs
- 3.4 Resource allocation timeline

Resource Allocation

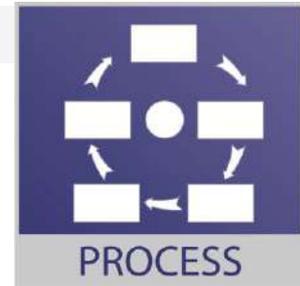
- **A sound resource allocation process:**
 - Is not afraid to make choices (even tough choices) from the outset to ensure that human needs are met in the most efficient and effective way within the available resource envelope. It communicates and justifies these choices clearly in its documentation.
 - Takes a medium term perspective that clearly sets out how resource allocation decisions will achieve the government's policy objectives.
 - Sets strict and credible boundaries within which expenditure and revenue collection can take place

3.1 General Requirements



■ Basic steps in the resource allocation process

1. Establish macroeconomic framework and determine resource envelope.
2. Prioritisation of needs
3. Pre-budget statement (including issue of budget guidelines)
4. Preparation of budget proposals
5. Negotiation of budget proposals
6. Approval by Cabinet
7. Tabling of budget before the legislature for approval/rejection/ (or amendment)



3.1 General requirements

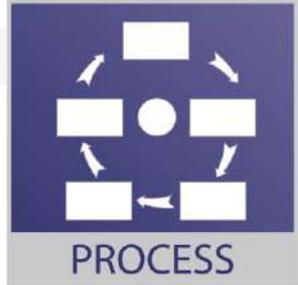
■ Identification of Needs and Needs Analysis

- Identification and Prioritisation of needs = elaborated as policy priorities (a political process)
- Needs analysis = through strategic planning and resource allocation (a technocratic process)
- Once needs are identified, they must be unpacked to determine the size and nature of the gap that needs to be filled. This is done by conducting a rigorous and up-to-date needs analysis.
- **Identification of Needs and Needs Analysis in Tanzania**
 - Guided by Medium Term Strategic Planning and Budgeting Manual (PO-PSM 2005) at all levels.
 - Participation of citizens through the O and OD process at village level

3.1 General requirements

■ Policy Prioritisation, Macro-economic Policies and Taxation

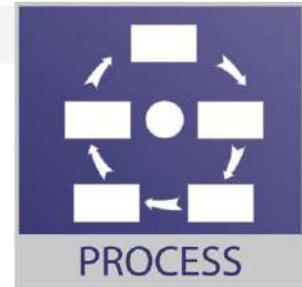
- Needs analyses should feed into future policy prioritisation at a national (and international) level
 - Policy priorities should guide resource allocation and strategic planning
- Budget allocations need to be aligned with policy priorities
- Macro-economic policy and policy priorities should be based on the best information and analysis available and should be clearly communicated and justified so that people know what choices are being made and what the trade-offs are. Public participation in making these choices is essential in a socially accountable government.
- Macro-economic policy influences taxation policy
- Taxation policy determines how much revenue is raised.



3.1 General Requirements

- **Policy Prioritisation, Macro-economic Policies and Taxation in Tanzania**
 - Officially policy prioritisation should be guided by macro-policy frameworks (eg. Vision 2025, MKUKUTA, Ruling party Manifesto etc)
 - MOFEA is responsible for Macroeconomic policy and the fiscal framework, including taxation
 - Macroeconomic assumptions based on the following are made when projecting revenue:
 - Nominal and Real GDP growth rate
 - Targeted inflation rate
 - Depreciation rate
 - Level of average exchange rate over three years
 - Import growth rate
 - A Task Force on Tax Reform led by the Minister holds consultations with stakeholders (around February) and is responsible for the development of tax policy and any adjustments to be proposed in the Finance Bill.

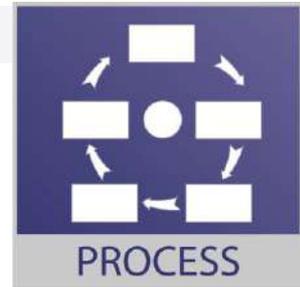
3.1 General Requirements



■ Medium-Term Budgeting

- Good budgeting practice dictates that budgets adopt a medium-term perspective.
 - When a budget timeframe is too short it results in hand-to-mouth budgeting.
 - When it is too long the uncertainty about available funds can make a budget meaningless.
- 3 Years is the most common standard timeframe for a medium term expenditure framework (MTEF) and is the timeframe used in Tanzania.
- MTEF Budgeting is said to:
 - Promote accountability, transparency and financial stability
 - Encourage economic investment
 - Enabling MDA/LGAs to undertake multi-year projects
 - Dependent on revenue predictability

3.1 General Requirements



■ Pre-budget Statement

- Four documents are normally produced which form the Tanzanian government's pre-budget statement:
 - Guidelines for Preparation of Annual Plan and Budget (or Planning and budget Guidelines – PBG)
 - Review of Recent Macroeconomic Performance'
 - Medium Term Expenditure Framework Cross-Sector Strategy'
 - Review of Fiscal Developments and Budget Management Issue (now replaced by PEFAR)
- These documents should be published in November/December of the previous financial year (7 to 8 months before the budget is to take effect) ...but are often late sometimes by 3 or 4 months.
- They are normally presented and debated in the annual PER multiple stakeholder consultation.

3.1 General Requirements

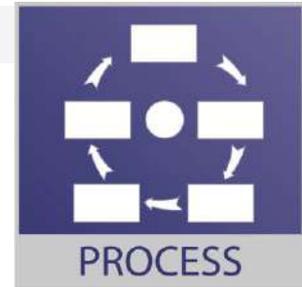
Pre-budget Statement

- The Planning and Budget Guidelines (PBGs) contain most of information required in a pre-budget statement.
 - Should be issued in November/December of preceding financial year ...but often late.

- 2 sets of Budget guidelines are issued in Tanzania.
 - One for central government and regional administrations
 - One for local government authorities

- Both contain budget ceilings by horizontal division
 - Allocations among ministries and among regional administrations at central level
 - Allocations to each LGA

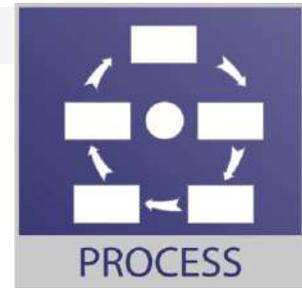
3.2 General Requirements



■ Drafting of Budget Submission

- Institutions should use projected allocations and prioritised policies as a guideline
 - However, if planning and budget guidelines are issued late, to what extent are they actually used to facilitate proper planning of prioritised needs rather than simply complying with the stated directives?
 - Is all information necessary for effective planning and budgeting available to institutional Budget Committees? (eg. Inflation projections)
- Budget submissions should take into account bottom-up information:
 - To what extent are objectives agreed in the O and OD planning process strategically reflected in Council MTEF Plans and Budgets?
 - How often do top-down directives override bottom up priorities?

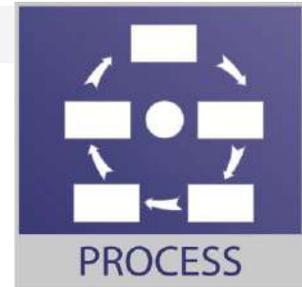
3.1 General Requirements



■ Negotiation of Budget proposals

- LGA departments discuss planning and budget estimates with relevant Council committees and the regional secretariat.
- Final estimates tabled in Full Council through the Finance Committee. Full Council votes to approve/reject budget.
- Locally approved budget is forwarded to PMORALG for incorporation into PMORALG budget for submission to MOFEA.
- MDAs submit draft MTEF Budget Memoranda to MOFEA
- MOFEA may need to negotiate with other stakeholders (eg. Private sector or development partners)
- There is some opportunity for negotiation throughout this process between and among the various levels.

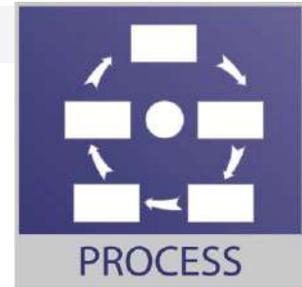
3.1 General Requirements



■ Budget Hearings (cont)

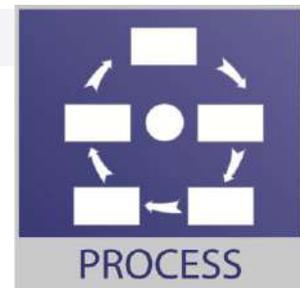
- Bottom-up and top-down processes must be negotiated and reconciled
 - But, in Tanzania, bottom-up information is often over-ridden by top-down information or policy directives
 - MDA budgets and plans should be aligned with macroeconomic policies, national policy priorities and international commitments (such as the MDG) if these are to be achieved. This becomes difficult to do if budget guidelines are issued very late.
- Decision-making should be open and transparent at all levels
 - However, Act 7 of 1982 states that Council Committee hearings are not open to the public, although the report they present in the Full Council is public
 - All Full Council meetings are open to the public who may attend only as observers
 - The complex nature of the budget and limited time for deliberation does not facilitate demand for or provision of adequate justifications and explanations for how public resources will be allocated.

3.1 General Requirements



■ Indicative Allocations

- MOFEA leads the negotiation and reconciliation of all budget submissions across all spheres of government and all administrative areas done through the IMTC
- Submission to and approval by Cabinet
- MTEF Budget Memoranda finalised
- MOFEA prepares Budget Books (Volumes I to IV)
 - Volume I contains Revenue Projections.
 - Volume II contains recurrent budget estimates for MDAs.
 - Volume III contains recurrent budget estimates for Regions (includes an appendix with district budget information)
 - Volume IV contains development budget estimates

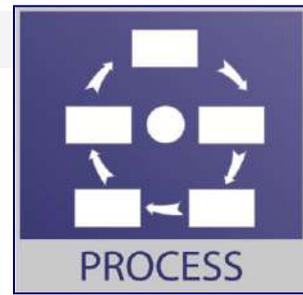


3.1 General Requirements

■ Tabling of Budget Documentation

- Final Budget Documents are submitted to the Clerk of Parliament for distribution to all MPs at least 21 days before the budget speech is read (Kanuni za Bunge – Part 9)
 - The Economics and Finance Committee is responsible for overseeing the aggregate government budget.
 - The committee consolidates aggregate findings from other committees and tables its report immediately following the budget speech
- Budgets should only be approved or rejected based on careful scrutiny
 - Sufficient capacity to engage with and provide input in the budget process
 - Sufficient time between tabling and the approval of the Budget
 - In some countries, Legislatures have the legal capacity to amend and approve budget (within limits)
 - Capacity to monitor the budget process

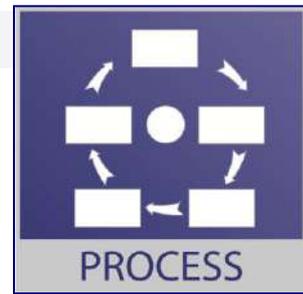
3.1 General Requirements



■ Tabling of the Budget

- Tabled before Legislature with Committee Report and Shadow (Opposition) budget speech.
- Final Strategic Plans are not tabled along with the budget, nor are MTEF budgets prepared by MDAs.
- After 5 days of deliberation (and prior to tabling of Ministerial Budget speeches) the Tanzanian Parliament votes to approve or reject the Budget.
 - How is it that the budget is passed before its contents are discussed?.
 - What is then the purpose of tabling ministerial budgets if they are only presented after the budget has been approved?
- After the vote 50 days are allocated for tabling and deliberations on each Ministerial Budget Vote.
- Once approved, Appropriation Bill and Finance Bill are passed and signed into Law

3.1 General Requirements

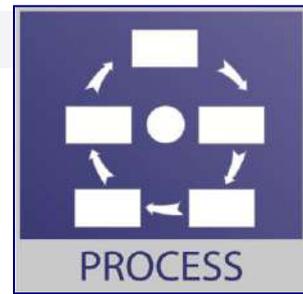


In-year adjustments to the budget

- After a financial year has begun, spending units may have the opportunity to request adjustments to allocations from the Ministry of Finance
 - Perhaps to avoid over or under expenditure or
 - To use funds in a different area than was indicated in original budget
- The adjustments may also be a directive from the Ministry of Finance
 - Perhaps due to lack of spending or
 - Poor expenditure environment

Adjusted appropriations may entail lower or higher amounts than initial appropriations.

3.1 General Requirements



Supplementary budget

- All adjustments to the approved budget must be tabled before legislature, passed and signed into law as a supplementary budget.
 - The conditions under which supplementary budgets are approved are stated in the Public Finance Act and its Regulations.
 - In Tanzania, supplementary budgets may be tabled after expenditure has occurred, provided that the adjustment has been approved by the Minister for Finance in advance.
 - In such cases approval of the legislature must still be obtained within a timeframe specified in the Public Finance Act and regulations .
- All adjustments should be accompanied by adequate justifications and clear explanations as to
 - why the adjustment was necessary
 - The extent to which strategic plan objectives will be better achieved as a result of this decision and how this will occur.

3.2 Key Role Players



- Influence ranking: rank the role players below in terms of their influence on the Budget from most influential to least influential:
 - Ministry of Finance and Economic Affairs
 - National Budget Guidelines Committee
 - MDA/LGA Institutional Budget Committee
 - Ministers (MDAs), Regional Commissioners (regions)
 - Administrative Heads (Permanent Secretaries (central government), Directors (local government))
 - Legislature (Parliament and Full Council) and Legislature oversight committees
 - Civic actors, research institutes and interest groups

3.3 Information requirements



- Information should be:
 - Publicly available
 - To assist oversight and participation
 - Accurate and detailed
 - Include narrative explanations for all summarised financial data
 - Include justifications and explanations for allocation of resources

- Budget information should cover:
 - Previous MTEF period
 - Current financial year
 - Initial appropriation
 - Adjusted appropriation
 - Likely expenditure outturn (revised estimates)
 - Upcoming MTEF

3.4 Information requirements



- The following documents should be produced:
 - **Pre-budget statements** (containing proposed policy priorities and budget allocations) Guidelines for The Preparation of Medium Term Plan and Budget Framework
 - **Actual budget allocations**
 - MTEF Budget Memorandum,
 - Budget Books
 - Vol I contains Revenue Projections.
 - Vol II contains recurrent budget estimates for MDAs.
 - Vol III contains recurrent budget estimates for Regions (includes an appendix with district budget information)
 - Vol IV contains development budget estimates
 - Appropriation Act, Finance Act
 - **Estimates of national expenditure**
 - Annual Financial Statements
 - Public Expenditure Review (PER) or Public Expenditure and financial Accountability Review (PEFAR) Reports
 - Local Government Fiscal Review

3.3 Information requirements- Budget Documentation

Sokola State Budget by Vote 2005-2007								
Programme (T' 000)	Outcome		Current year			Medium-term estimate		
	Audited 2002	Audited 2003	Main Appropriation 2004	Adjusted appropriation 2004	Revised estimate 2004	2005	2006	2007
1. Office of the State Premier	173 603	219 463	232 615	225 967	225 970	259 174	282 038	307 157
2. Legislature	74 018	79 615	85 549	95 549	95 549	99 371	104 439	109 765
3. Health	4 493 242	5 243 012	5 410 294	5 221 266	5 286 459	6 087 791	6 617 928	7 217 711
4. Social Development	6 425 476	8 444 747	9 146 029	9 687 860	9 959 727	11 136 295	12 353 529	13 343 745
5. Public Works	413 167	549 436	531 963	523 788	530 903	542 599	566 661	636 057
6. Education	9 148 768	10 155 292	10 857 872	10 795 266	10 795 266	11 251 320	12 687 370	13 879 432
7. Housing	844 601	1 240 871	1 060 864	1 039 212	1 038 934	1 008 226	1 147 806	1 338 363
8. Agriculture	571 590	751 961	897 529	882 143	875 501	821 819	911 861	999 154
9. Economic Affairs, Environment and Tourism	658 601	825 722	849 529	799 624	799 624	622 764	478 691	523 472
10. Roads and Transport	1 551 783	1 739 220	1 627 474	1 600 591	1 593 476	1 698 631	1 848 489	2 194 837
12. Treasury	147 219	161 243	171 164	155 030	149 951	180 390	196 762	214 697
14. Sport, Recreation, Arts and Culture	206 410	252 203	266 342	239 883	239 883	267 257	289 271	318 052
15. Safety and Liaison	6 769	8 781	11 788	11 322	11 592	13 402	14 365	15 634
Total payments and estimates	24 715 247	29 671 566	31 149 012	31 277 501	31 602 835	33 989 039	37 499 210	41 098 076

3.3 Information requirements- Budget Documentation

Tanzania Budget Frame for 2009/10 - 2011/12 (in millions Tshs)

	2008/09	2008/09	2009/10	2010/11	2011/12
	Budget	Likely Outturn	Ceilings	Projections	Projections
Total Revenue	7,218,130	6,981,700	8,139,281	9,070,931	9,978,437
Total Expenditure	7,218,130	6,981,701	8,139,281	9,070,932	9,978,438
Recurrent	4,726,650	4,490,221	5,292,342	5,897,965	6,817,649
Salaries & wages	1,570,324	1,570,324	1,774,891	2,222,513	2,625,537
Other Charges	2,324,415	2,087,986	2,220,195	2,434,499	2,649,977
Designated Items	150,000	150,000	567,844	366,674	583,677
Consolidated Fund Services	681,911	681,911	729,412	874,279	958,458
Development	2,491,480	2,491,480	2,846,939	3,172,967	3,160,789
Local	940,380	940,380	1,046,247	1,404,171	1,915,228
Foreign	1,551,100	1,551,100	1,800,692	1,768,796	1,245,561

Source: Guidelines for the Preparation of Medium Term Plan and Budget Framework for 2009/10 - 2011/12, Part I (Page 104)



3.3 Information requirements

- The following documents should be produced:
- **Pre-budget Statement** (including a discussion of macroeconomic framework, policy priorities and division of revenue)
 - Review of Recent Macroeconomic Performance
 - Review of Fiscal Developments and Budget Management
 - Medium Term Expenditure Framework Cross-Sector Strategy
 - Budget Guidelines
- **Cross-cutting and sector MTEFs**
- **Budget Books – Volumes I to IV**

3.3 Information requirements

■ Citizen's budget

- MOFEA produced a citizen's budget for the first time in 2011 in collaboration with Policy Forum.

■ Adjustment information (including information on virements, transfers, surrendered funds and a narrative justification for adjustments)

- Likely outturn (including virements) when available are contained in the Budget Books. Some general narrative justification for revisions contained in supplementary appropriation bill but is often produced late.
- The MOFEA website www.mof.go.tz has recently begun to publish adjustment information referred to as **Reallocation Warrants** in its Budget Books page.

Tanzanian Budget Information

Other places to look:

- www.logintanzania.net (prior to 2010/11) and <http://beta.pmoralg.go.tz/lginformation/> (2010/11 going forward)
 - Currently, will provide information as available on PLANREP
 - Does not include off-budget spending projections (eg. from NGOs, or funds carried forward from previous years.)
 - Information needs to be checked against official documents for accuracy.
- Council MTEF Plan and Budget
- For the Health sector – Comprehensive Council Health Plans- CCHP (variable quality across districts)
- Controller and Auditor General Reports (audited financial information)

Legend For Process 1 Diagram

Dark Blue

- Documents produced during the process at the national level

Light Blue

- Documents produced during the process at sub-national level.

White

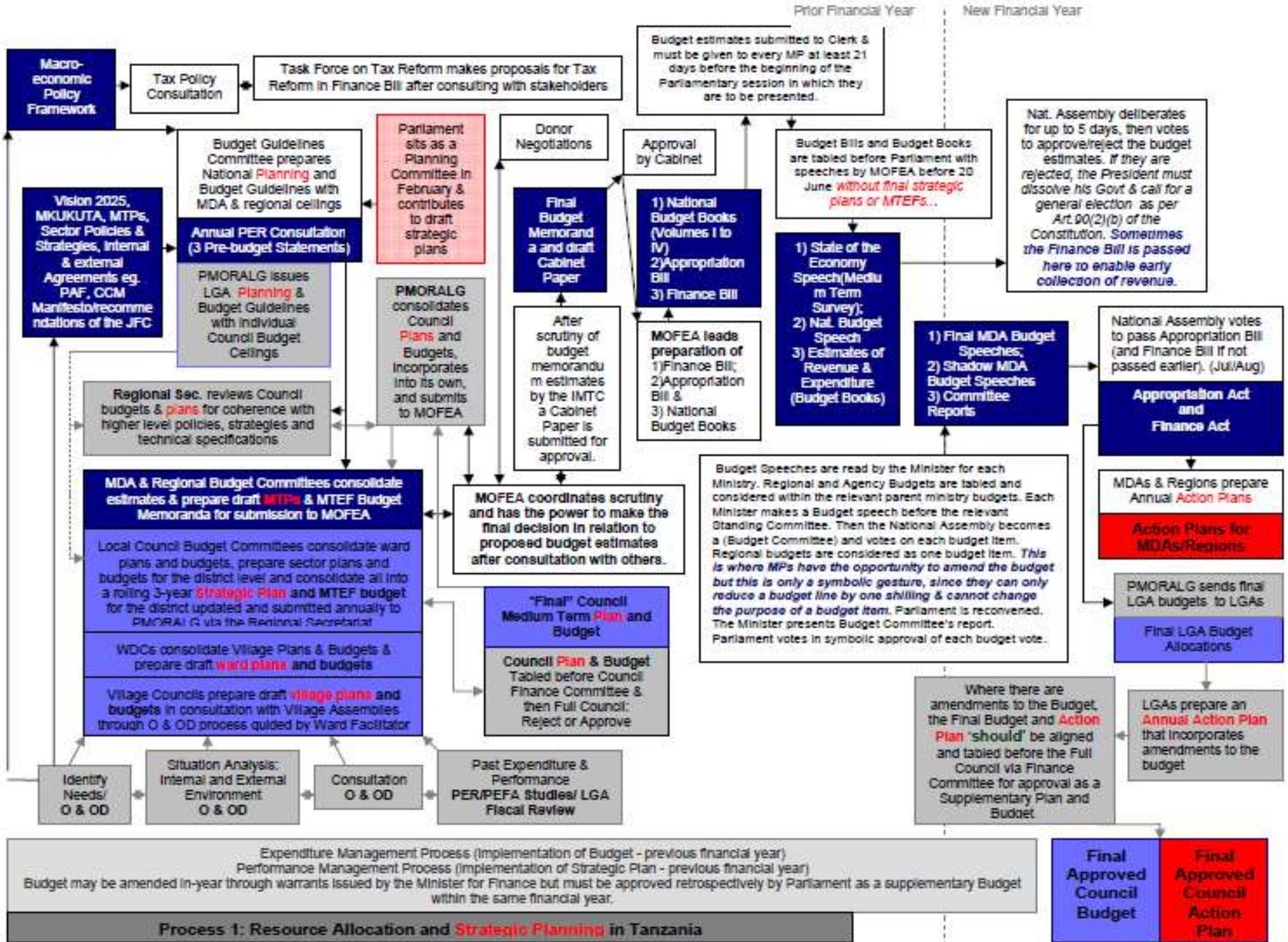
- Steps in the Resource Allocation process at national level.

Grey

- Steps in the process at sub-national level.

Red

- Anything relating solely to Strategic Planning.



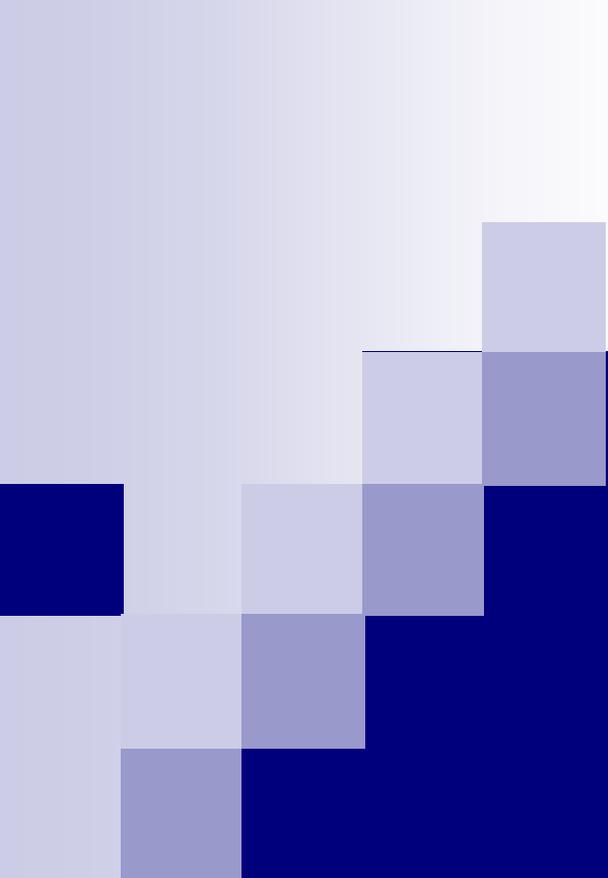
Session 3

What we have covered so far:

1. What is Resource Allocation?
2. Why Monitor Resource Allocation?
3. Resource Allocation in Tanzania

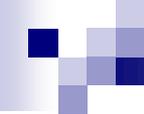
Still to come:

4. What to look for in a Budget



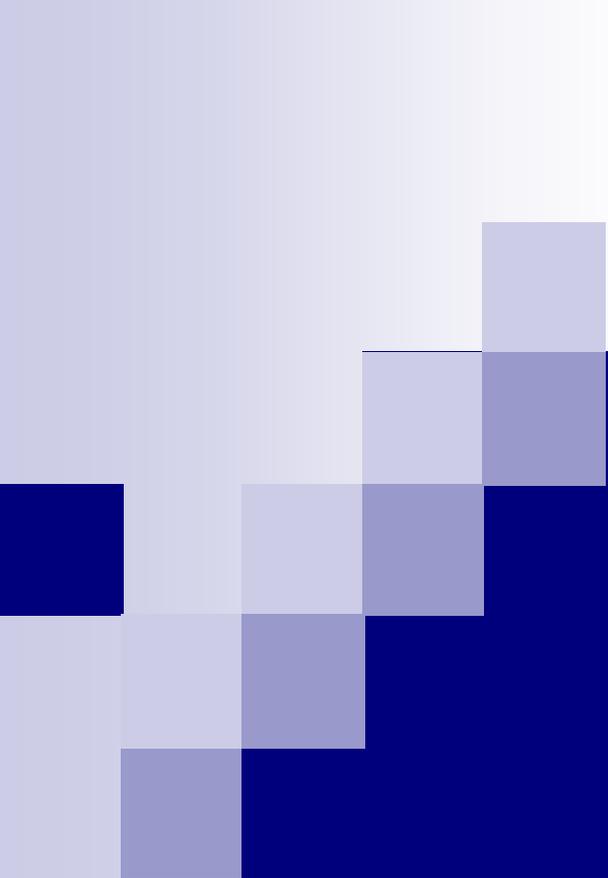
Part 4

What to Look for in a Budget



Overview Part 4

1. Budget Classification
2. Linking financial and non-financial data
3. Key Calculations 1: ratios
4. Key Calculations 2: adjusting for inflation
5. Key Calculations 3: rates of increase



1. Budget Classification

How to read a budget

Why is budget classification important?

- Primary purpose of budget classification
 - to provide complete, accurate, meaningful, relevant and useful information to a variety of budget stakeholders
- Classifying revenues and expenditures correctly is important for:
 - Policy formulation and performance monitoring.
 - Efficient resource distribution across priority areas
 - Ensuring compliance with the budget as approved by the legislature
 - Ensuring that the budget is an effective management instrument.

Budget Classification

- According to a technical guidance note produced for the IMF, a government's budget classification system should include at a minimum:
 1. Economic classification
 2. Classification by Administrative Unit
 3. Classification by Function or Policy Area

Economic Classification

- Economic classification identifies the type of expenditure incurred
 - disaggregates allocations into broad spending categories
- Answers the question “**What type of expense will be incurred?**”
- Budget is classified by type of spending
 - E.g.
 - Capital Assets
 - Goods and services
 - Transfer payments

Capital vs. Current Expenditure



■ Current expenditure

- In Tanzania, referred to as '**recurrent expenditure**'.
- Day-to-day spending on goods and services for current use or to directly satisfy an immediate need.
 - Remuneration (**Personnel Emoluments**)
 - Spending on goods and services (**Other Charges**) – rent, school teaching materials, medicines, servicing of machinery, maintenance of buildings etc)
 - Transfer payments (**Consolidated Fund Services**) - subscriptions to the UN, debt servicing etc.

■ Investment expenditure

- In Tanzania, referred to as '**development expenditure**' and includes capital expenditure
- Spending that aims to bring about some kind of future benefit, (eg. the purchase of capital assets)
 - Tangible – eg. Buildings, Land, Road infrastructure,
 - Intangible – eg. Spending on scientific research and development,
- Investment expenditure has implications for future current expenditure
 - Construction of a building will require future maintenance costs

Economic Classification

- The most common way of presenting budget information
 - Standard line items
- Different applications – dependent on context but move towards cross-country standardisation

3103 Siha District Council

Item	Description	2009/2010 Actual Expenditure Tsh	2010/2011 Approved Estimates Tsh	2011/2012 Estimates Tsh
230409	Spare Parts	2,100,000	1,200,000	2,315,000
	Total Routine Maintenance And Repair Of Vehicles And Transportation Equipment	3,800,000	2,700,000	5,315,000
411000	Rehabilitation And Other Civil Works			
411011	Civil Works	0	1,600,000	2,000,000
	Total Rehabilitation And Other Civil Works	0	1,600,000	2,000,000
	Total of subvote Health Services	255,389,200	299,820,670	424,067,000
Subvote 5011	Preventive Services			
210100	Basic Salaries - Pensionable Posts			
210101	Civil Servants	38,350,000	42,054,534	57,476,000
	Total Basic Salaries - Pensionable Posts	38,350,000	42,054,534	57,476,000

Budget Classification



1. Classify the following expenses into current and capital expense categories
 - Construction of a hospital
 - Wages of workers on a clinic building construction project;
 - Wages of a nurse;
 - Minor repairs to a hospital;
 - Purchase of an X-ray machine; and,
 - Purchase of medicines.

Administrative Classification

- Administrative classification identifies the entity that is responsible for funds allocated.
- Answers the question **to which institution of government is the allocation being made?** E.g.
 - Ministry of Education or Ministry of Health at higher level
 - Provincial government or LGA at sub-national level
 - Schools or Hospitals as sub category

Administrative Classification

COMPARISON OF LGA BUDGET SUMMARIES

REPORTING PERIOD : FY 2010/11 Total Budget

BUDGET AMOUNTS (ANNUAL BUDGET) IN MILLIONS OF TANZANIAN SHILLINGS

Vote Code	Council	Own Source Revs.	Intergov. Transfers	Local Borrowing	Total Revenues	Recurrent Expend.	Develop. Expend.	Total Expend.	Surplus/ (Deficit)
752009	Moshi Municipal Council	1,943.9	14,589.0	151.4	16,684.3	13,494.2	3,190.1	16,684.3	1,241.7
753024	Hai District Council	421.8	17,997.8	0.00	18,419.6	14,554.5	3,504.8	18,059.3	2,800.3
753025	Moshi District Council	468.5	38,612.3	0.00	39,080.8	29,029.4	10,051.4	39,080.8	4,994.2
753026	Rombo District Council	609.7	20,965.5	0.00	21,575.2	16,215.7	5,085.5	21,301.2	2,369.2
753027	Same District Council	471.2	21,009.8	0.00	21,481.1	16,377.6	4,632.3	21,009.8	3,706.0
753028	Mwanga District Council	194.2	17,406.0	0.00	17,600.2	12,341.7	5,258.5	17,600.2	1,005.0
753103	Siha District Council	498.0	9,332.1	0.00	9,830.1	5,356.9	0.00	5,356.9	7,787.6

- Budgets developed for each MDA
- Within each MDA, budgets developed for each programme or sub-programme
 - E.g. within the revenue profile of Siha District Council there may be sub-categories for 'own source revenue' and 'inter-governmental transfers'.
- Civic actors need to find out what falls within each budget vote or category.
 - Objectives and activities for each programme or sub-programme - strategic plan

Function / Policy Area

- Functional classification categorises government activities according to objectives or purpose.
- Answers the question “**Which broad policy objective does this spending aim to achieve?**”
- Useful for analysing allocation of resources among sectors or policy priorities e.g.
 - Education
 - Housing
 - Health

Function / Policy Area

LGA EXPENDITURES	
VOTE CODE : 753103 REPORTING PERIOD : FY 2010/11 TOTAL BU	
RECURRENT SPENDING BY SECTOR	
Budget Item	Annual Budget Plan
Education Spending	3,422,754,176
Health Spending	765,711,184
Agriculture Spending	353,463,650
Roads Spending	78,788,510
Water Spending	70,014,575
Local Admin.	666,192,126
Other Local Spending	0
Recurrent Spending	5,356,924,221

- Budgets can be classified by functional categories
 - Defence
 - Education
 - Health
 - Agriculture
- Helps budget analyst
 - to track trends in prioritisation across sectors,
- **Caution:** a policy priority may fall legitimately under more than one functional category
 - Water Sector Support Programme (WSSP) → Water spending or Agriculture spending

Budget Classification

- These three classifications should exist at a minimum.
 - But other budget classifications are increasingly being used by governments to enable greater transparency in public budgets.
E.g.
 - Programme Classification
 - Source of Funding Classification
 - **Caution!** As the types of budget classification increase,
 - The more complex the budget becomes to prepare and manage
 - More technical expertise is required.
 - Greater opportunity for misrepresentation or misinterpretation within budgets
 - Additional unintended incentives for budget managers and users

Budget Classification



2. Which type of classification would you use to discover the following:
- Total budget for Health in Tanzania (across all MDAs)
 - Allocations to a particular district
 - Allocations to education across all district programmes and activities
 - Budget for all salaries in a particular district

Budget Classification



SIHA District Council (SDC) MTEF 2009/10-2011/12

3. Turn to pages 20 and 21

- a) How much was allocated for remuneration of employees in SDC in 2007/08, 2008/09, and 2009/10?
- b) Which budget classification would give you this information?
- c) How much has been projected in 2010/11?

Budget Classification



SDC MTEF 2009/10-2011/12

4. Compare allocations to remuneration of employees on the table on page 20 with those on the table on page 21
 - a) What could be the reason for any differences you found?
 - b) Which budget classification helped you to answer the above question?
 - c) What are the possible implications of your findings so far on human resource management in SIHA district?

Budget Classification

- Classifications are different ways of presenting **the same information**
- Different classifications enable you to extract different types of information from the budget documents
- Different classification systems address different information requirements of users
- Challenge – different activities sometimes fall legitimately under more than one classification
 - The regulatory framework should set out clearly what falls beneath each classification to avoid inaccuracies within the budget.

Budget Classification – Coding System

- Because government budgets are long and complicated, it can be difficult to extract relevant and meaningful information for analysis.
- A core element of budget classification is its coding system.
- Coding enables easier identification of certain types of expenditure within the budget
 - A budget code should represent all relevant features of a budget line item.
 - It should be possible to determine exactly what each budget line item should be spent on simply from its budget code.
 - Coding facilitates identification of trends in allocations across financial years.
 - Budget coding should be consistent with the Chart of Accounts to facilitate comparisons between allocations and expenditures.

GFS Coding

- A coding system increasingly being adopted by developing countries is the IMF's Government Financial Statistics Manual coding system, commonly referred to as ***GFS coding***.
 - An internationally standardised coding system, such as GFSM, facilitates cross-country comparisons.
 - However GFSM currently only covers economic and functional classifications. Modifications to this system would be needed for a more comprehensive coding system to cover all the various classifications of a government's budget

Table 6.2: Classification of Expense by Function of Government

7	Total outlays	706	Housing and community amenities
701	General public services	7061	Housing development
7011	Executive and legislative organs, financial and fiscal affairs, external affairs	7062	Community development
7012	Foreign economic aid	7063	Water supply
7013	General services	7064	Street lighting
7014	Basic research	7065	R&D Housing and community amenities
7015	R&D ¹ General public services	7066	Housing and community amenities n.e.c.
7016	General public services n.e.c. ²	707	Health
7017	Public debt transactions	7071	Medical products, appliances, and equipment
7018	Transfers of a general character between different levels of government	7072	Outpatient services
702	Defense	7073	Hospital services
7021	Military defense	7074	Public health services
		7075	R&D Health
		7076	Health n.e.c.

ANNEX III. GFSM 2001 – Economic Classification of Expense

Expense

21	Compensation of employees	27	Social benefits
211	Wages and salaries	271	Social security benefits
2111	Wages and salaries in cash	2711	Social security benefits in cash
2112	Wages and salaries in kind	2712	Social security benefits in kind
212	Social contributions	272	Social assistance benefits
2121	Actual social contributions	2721	Social assistance benefits in cash
2122	Imputed social contributions	2722	Social assistance benefits in kind
22	Use of goods and services	273	Employer social benefits
23	Consumption of fixed capital	2731	Employer social benefits in cash
24	Interest	2732	Employer social benefits in kind
241	To nonresidents	28	Other expense
242	To residents other than general government	281	Property expense other than interest
243	To other general government units	2811	Dividends (public corporations only)
25	Subsidies	2812	Withdrawals from income of quasi-corporations (public corporations only)
251	To public corporations	2813	Property expense attributed to insurance policyholders
2511	To nonfinancial public corporations	2814	Rent
2512	To financial public corporations	282	Miscellaneous other expense
252	To private enterprises	2821	Current
2521	To nonfinancial private enterprises	2822	Capital
2522	To financial private enterprises		

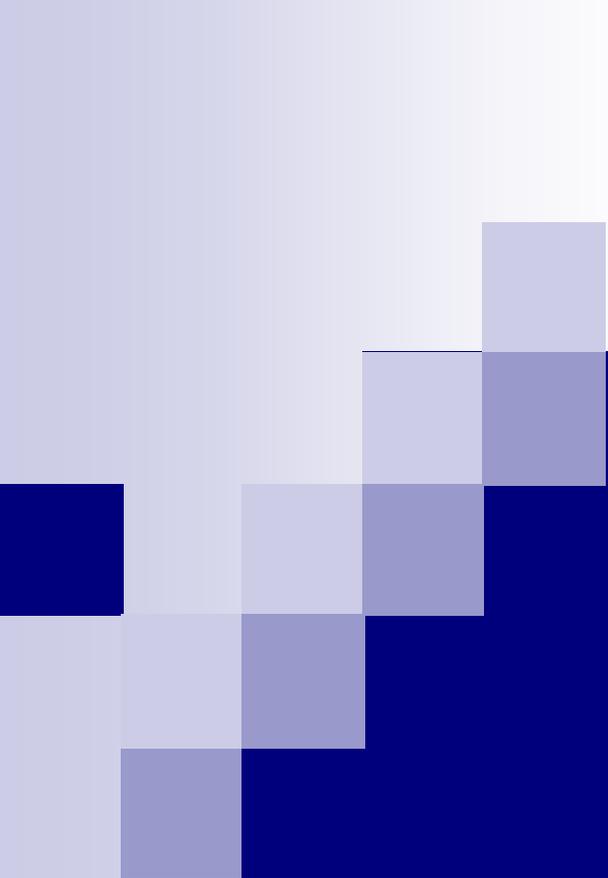
Vote 75 Kilimanjaro Region

Item	Description	2009/2010 Actual Expenditure Shs.	2010/2011 Approved Estimates Shs.	2011/2012 Estimates Shs.
Subvote	1010 DAS-SIHA			
210100	Basic Salaries - Pensionable Posts	72,230,550	29,419,000	56,023,000
210200	Basic Salaries - Non-Pensionable	2,300,000	3,548,000	4,320,000
210300	Personnel Allowances - (Non-Discretionary)	15,197,981	13,100,000	4,000,000
210500	Personal Allowances - In-Kind	5,520,000	10,840,000	10,840,000

Source: *Budget Books 2011/12 – Volume III*

....Finally!

- Experience in budget analysis has shown us:
 - A good budget classification system should strike the right balance between detail and aggregation.
 - Should be in sufficient detail to ensure that analysis of each major source and use of funds is possible.
 - Should not however be so detailed that it overwhelms the user
 - A flood of information makes it difficult to classify revenues and expenditures into meaningful categories.



2. Linking Financial and Non-Financial Data



Linking Line Items with Policy Priorities

1. Identify policy priority
 - Policy and Budget Speech
 - Service Delivery Commitments
2. Identify relevant budget classification
 - Functional classification
 - Useful for identifying trends over time in allocations to key priority sectors
 - Administrative
 - Links a policy priority according to who is responsible for implementing it
 - Economic
 - Useful for policy priorities like 'personnel' and 'infrastructure'
3. Determine what each line item in a budget is telling us about how government intends to deliver a particular policy commitment.

Linking Line Items with Policy Priorities

- Sometimes, linking financial and non-financial data is relatively straightforward
 - Personnel
 - Infrastructure
- Often it is difficult – policies cut across programmes, or types of expenditure
 - Eg. Where do we find allocations to Early Childhood Development practitioners - Personnel? Early Childhood Development Programme?
- The more comprehensive the budget classification system , the easier it will be.
- But detailed budgets aren't always available
 - Firstly, they should be – onus is on MDA to justify and explain how much money they allocated to implement each policy priority
 - Secondly, one can use strategic plans to calculate allocation – costed activities

Tanzania: Human Resources for Health Priorities

1. Identified Need

“Some of the reasons for partially or unimplemented activities (during the previous year) are:-

-Shortage of qualified health workers and those available have low capacity.” (*SDC CCHP 2009/2012, page vi*)

“The main challenges include:

-Inadequate number of Staffs” (*SDC CCHP 2009/2012, pages vi - vii*)

2. National Health Policy

“The CCHP will enable the District to address the national health policy which intends to:-

-Train and make available competent and adequate number of health staff to manage health services with gender perspective at all levels.” (*SDC CCHP 2009/2012, page 2*)

Tanzania: Human Resources for Health Priorities

3. Policy Priorities 2009/10 – MKUKUTA Cluster 2

248. The government will put more emphasis on the implementation of Primary Health Service Development Program (MMaM) by phases and other health sectoral programmes. Major focus will include:

...viii. Ensuring recruitment of staff and strengthening capacity of Health Management Information System (HMIS);

(Guidelines for the preparation of Medium Term Plan and Budget Framework for 2009/10 – 2011/12, page 95)

Linking Financial and Non-Financial Data



Siha District Council Comprehensive Health Plan 2009/10

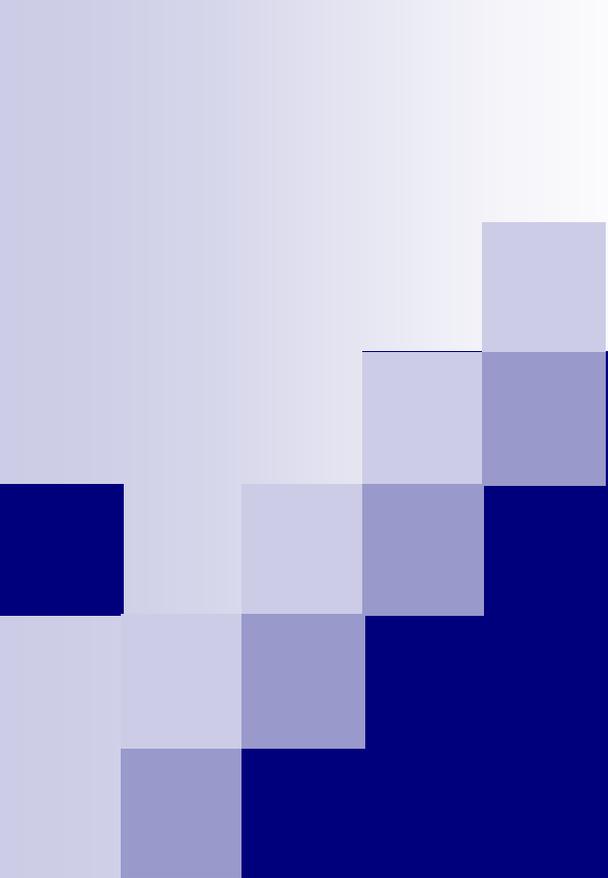
- “Objectives 2009/2010 (see page 61):
 1. **Improve human resources for health in terms of number, professional mix at all levels**
- How much was allocated to realise this objective? (see MTEF page 190)
- How does the staff establishment in the MTEF compare with the staff establishment on pages 15 and 16 of the CCHP?

Human Resources for Health (HRH) highlighted because we will focus on it as a common example throughout the course

Linking Line Items with Policy Priorities

- Commitment in a Policy or Budget speech does not necessarily indicate the policy has been prioritised
- Requires allocations of resources
- Policies must be prioritised in the budget
 - Compare what portion of available resources are allocated to different line items
 - Compare this over time

In order to do this, we need to know a little more about ratios...



3. Key Calculations 1

Ratios

Ratios

- A ratio is a relationship between two numbers
- Central to budget analysis
 - Calculate how much of the budget was allocated to education, health, etc
- The basic calculation is:

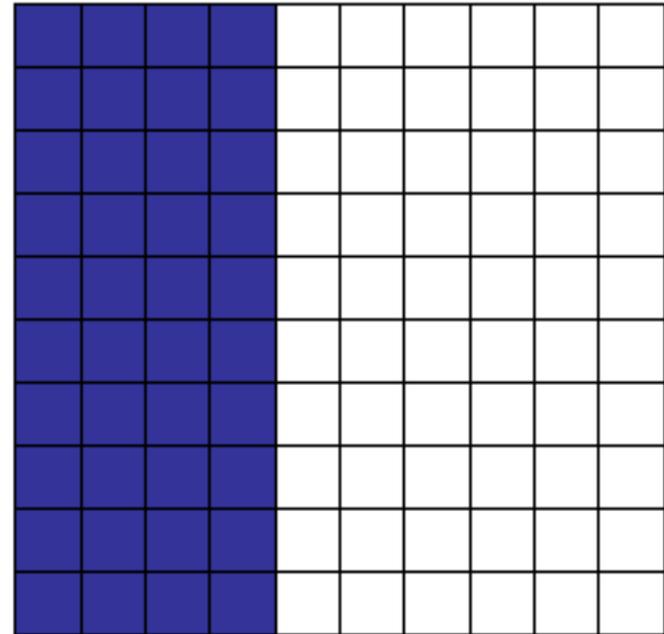
$$\text{Part} / \text{Whole} = \text{Share}$$

Ratios

- In this diagram, 40 of the 100 blocks are shaded blue

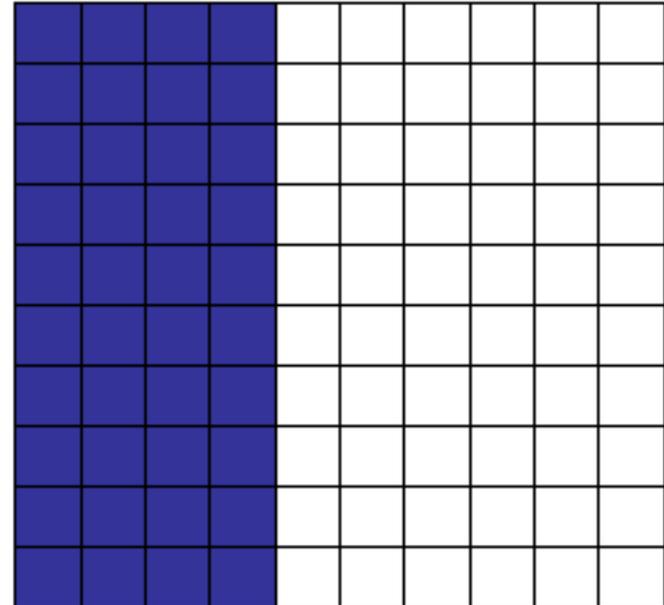
Part / Whole = Share

- Expressed as a ratio:
 - $40 / 100$
 - $=0.4$
- This means that for every 1 block, there is 0.4 of a shaded block



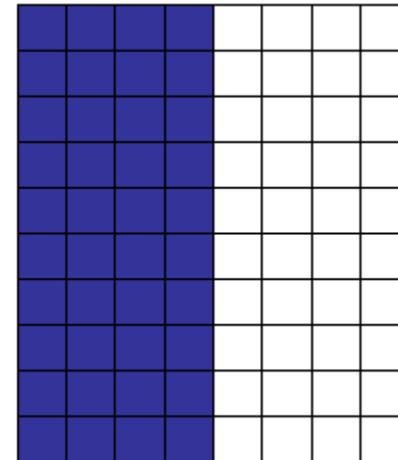
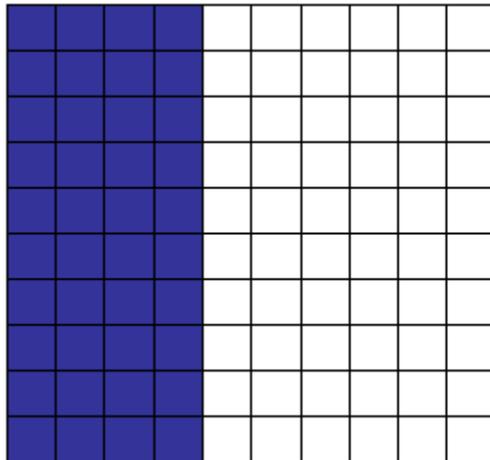
Ratios as a Percentage

- 0.4 of a block, however, is difficult to work with
 - If blocks represented people, we couldn't speak about 0.4 of a person
- Ratios are often expressed in percentage terms – 0.4 is converted into a whole number by multiplying it by 100
 - **Part / Whole x 100**
 - = Share as a Percentage
- $40/100 \times 100 = 40\%$
 - 40% shaded blocks
 - 60% unshaded blocks



Remember

- Ratios can exceed 100%
 - Health Expenditure was 150% of the Health Budget
 - i.e. the Department of health overspent
- Ratios are relationships between 2 numbers
 - If either number changes, the ratio changes
 - 40% of 100 million = 50% of 80 million = 40 million



Composition of a Budget



- The first step in budget analysis is to determine what share of the total budget each area (or line item) consists of

Budget Allocation / Total Budget x 100 = Budget Share (%)

- Useful to put all information in a table
 - Combine smaller programmes into one category called 'other'
 - Combine similar programmes which may be listed separately
- Calculate each line item as a share of the total budget

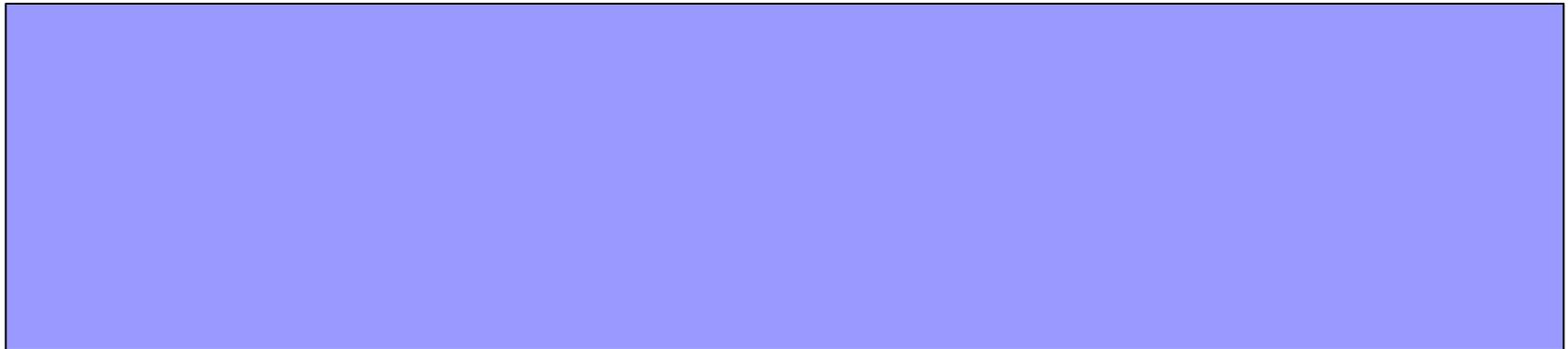
Calculating Ratios



1. Siha District Spending on Personnel Emoluments 2007/08 to 2009/10

Refer to page ix of the Siha CCHP.

- What percentage of SDC's total health budget was allocated to PE spending in 2007/08, 2008/09, and 2009/10.



- What does this mean?

Calculating Ratios



2. Siha District spending on new employees 2009/10

Refer to page 193 of the SDC MTEF.

1. What percentage of the total number of new employees was allocated to the Health Sector?
2. What percentage of the budget allocation for new employees was allocated to the Health Sector?
3. Which sector received the largest share of the new employees budget?
4. What percentage of the budget allocation for new employees did this sector receive?
5. What does this mean?

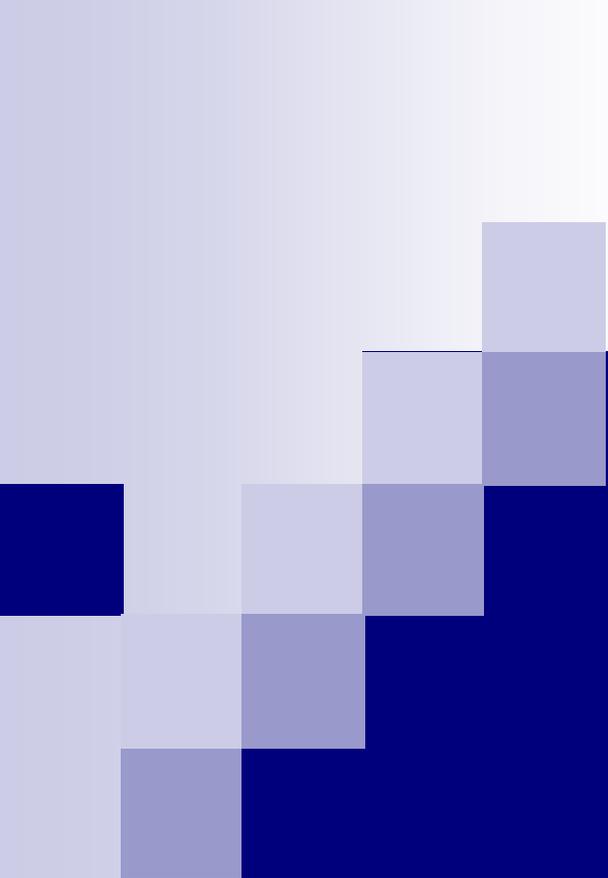
Calculating Ratios



2. Siha District review of past performance

Refer to page 13 of the SDC MTEF.

1. How much was the approved budget for spending on salaries in Siha District in 2007/08?
2. How much was actually spent on salaries in 2007/08?
3. What percentage of the salaries budget for SDC was actually spent in 2007/08?
4. Compare the Health PE spending profile for SDC in 2007/08 with the MTEF in 2009/10. Does this suggest anything about the systemic environment within which planning and budgeting for HRH is undertaken?



4. Key Calculations 2

Adjusting for Inflation

The Role of Inflation

- One form of budget analysis is to compare trends in allocations over time
 - Compare how much of the total available budget is allocated to a particular line item over a number of years
 - This type of analysis is helpful, but limited
- Over time, value of allocated amounts will be affected by inflation and the rising costs of service delivery

Year	2005	2006	2007	2008	2009	2010
Housing	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

- Failure to take account of inflation will impact on service delivery.
 - Building a house next year will be more expensive than it was this year.
 - Budget allocation must *increase* to deliver the same service
- Governments must ensure budgets take inflation into account each year.

The Role of Inflation

- Inflation is the continuous rise in prices in general over time.
- When comparing budget allocations over time, need to take into account inflation
 - Must compare 'like with like'
- We see the effect of inflation every day
 - 10 shillings, doesn't buy today what it bought 5 years ago
- Impact on service delivery
 - Governments must ensure budgets take inflation into account each year otherwise the allocations will not be able to deliver the service that is promised.
 - Building a house next year will be more expensive than it was this year
 - Budget allocation must *increase* to deliver the same service

Measuring Inflation

- To adjust for inflation, you first need to know by how much prices are increasing
- Different ways of measuring inflation
 - CPI = Consumer Price Index
 - The CPI is the inflation index that will be used on this course
 - Based on the rate of change of prices in the 'average basket of goods' that a consumer buys
 - Calculated by governments, independent research institutes
 - Sometimes disputed
- A paper outlining the methodology for calculating CPI in Tanzania can be found on the NBS website and has been included on your cd.

Consumer Price Index for Tanzania

- published by the National Bureau of Statistics
http://www.nbs.go.tz/index.php?option=com_content&view=category&id=50&Itemid=118 and in the *Tanzania in Figures* report to be found on the NBS website.

National Consumer Price Index (NCPI) December, 2001 =100						
	2001	2004	2005	2006	2007	2008
Index	100.0	115.1	120.9	129.6	138.7	153.0
Inflation rates	5.1	4.7	5.0	7.3	7.0	10.3

Zanzibar Consumer Price Index						
	2001	2004	2005	2006	2007	2008
	100	122	129	106.5	120.4	145.4
Inflation Rates	3.2	8.1	9.7	11.4	13.1	20.6

Consumer Price Index for Tanzania

- **Problem** – CPI on NBS website is calculated by *Calendar Year*
- To calculate CPI by *Financial Year*
 - NBS website does publish monthly CPI figures
 - Add monthly CPI **inflation index** data for the financial year period (eg. July to June) and divide by 12.
 - This will give you the average inflation index for the relevant financial year

CPI	
2005/06	125.9
2006/07	133.8
2007/08	145.0

CPI	
2005	120.9
2006	129.6
2007	138.7
2008	153.0

Adjusting for Inflation



- Important to ensure the new figure calculated moves in the direction you expect it to
 - We know that a Shilling bought much more in 2001 than it did in 2004
 - So if we adjust the 2001 expenditure, we would expect it to increase
- Adjusting for inflation should make earlier year's data larger and future year data smaller
 - Except in rare circumstances when economy is marked by *deflation*
 - Where prices fall and the value of money shrinks from year to year
- Base year remains the same when formula is applied.
 - **Nominal** = amount reflects monetary value without taking inflation into account
 - **Real** = amount adjusted for inflation
- The equation for adjusting future or prior year data is:

$$\frac{\text{Nominal Value of year you want to change}}{\text{CPI for year you want to change}} \times \text{Base Year CPI}$$

Inflation Index

Nominal Value of year you want to change / CPI for year you want to change x Base Year CPI

- Suppose we wanted to adjust an imaginary district hospital's 2001 spending on uniforms to 2004 prices.
- Suppose that we know the following:
 - Nominal Value – expenditure in 2001 = **3,892,453**
 - CPI for 2001 = **105.7**
 - Base Year (2004) CPI = **123.8**
- Therefore, to adjust District Hospital X expenditure on uniforms in 2001 to 2004 purchasing power:
 - **T 3,892,453 / 105.7 x 123.8**
 - **T 4,558,994**
- In other words, the **T3.9 billion** that district hospital X spent on uniforms in 2001 is the equivalent of spending **T4.6 billion** in 2004.

2000	100.0
2001	105.7
2002	115.4
2003	122.1
2004	123.8
2005	128.0
2006	134.0
2007	142.0

Adjusting for Inflation



1. Tanzania Budget Frame 2008/09 to 2011/12

Refer to the following slide.

- Adjust for inflation allocations to the ‘Other Charges’ budget in Tanzania 2009/10, 2010/11 and 2011/12 using 2007/08 as your base year.
- Compare changes to allocations to each line item *year on year* in both nominal and real terms.
- What does this mean?

Tanzania Budget Frame for 2009/10 - 2011/12 (in millions Tshs)

	2008/09	2008/09	2009/10	2010/11	2011/12
	Budget	Likely Outturn	Ceilings	Projections	Projections
Total Revenue	7,218,130	6,981,700	8,139,281	9,070,931	9,978,437
Total Expenditure	7,218,130	6,981,701	8,139,281	9,070,932	9,978,438
Recurrent	4,726,650	4,490,221	5,292,342	5,897,965	6,817,649
Salaries & wages	1,570,324	1,570,324	1,774,891	2,222,513	2,625,537
Other Charges	2,324,415	2,087,986	2,220,195	2,434,499	2,649,977
Designated Items	150,000	150,000	567,844	366,674	583,677
Consolidated Fund Services	681,911	681,911	729,412	874,279	958,458
Development	2,491,480	2,491,480	2,846,939	3,172,967	3,160,789
Local	940,380	940,380	1,046,247	1,404,171	1,915,228
Foreign	1,551,100	1,551,100	1,800,692	1,768,796	1,245,561

Source: Guidelines for the Preparation of Medium Term Plan and Budget Framework for 2009/10 - 2011/12, Part I (Page 104)



ACTIVITY

Tanzania Budget Frame in Real Terms

Budget Frame 2009/10 in 2007/08 prices

Tanzania Budget Frame for 2009/10 - 2011/12 (in millions - Tshs)

	2009/10	2010/11	2011/12
	Real Value	Real Value	Real Value
Total Revenue			
Total Expenditure			
Recurrent			
Salaries & wages			
Other Charges			
Designated Items			
Consolidated Fund Services			
Development			
Local			
Foreign			

Calculated using projected CPI estimates available at the time from WEO April 2009 (www.imf.org)



ACTIVITY

Tanzania Budget Frame – Real increase

Tanzania Budget Frame for 2009/10 - 2011/12 (in millions - Tshs)

	2009/10 to 2010/11	2010/11 to 2011/12	2009/10 to 2010/11	2010/11 to 2011/12
	Nominal Increase	Nominal Increase	Real Increase	Real Increase
Total Revenue				
Total Expenditure				
Recurrent				
Salaries & wages				
Other Charges				
Designated Items				
Consolidated Fund Services				
Development				
Local				
Foreign				

Adjusting for Inflation



3. Siha District Allocations to Baby Friendly Hospital Training for CHMT members – *Development Budget*

Refer to page 181 and 182 of the SDC MTEF Plan and Budget

- Calculate the nominal increase for the allocations in this section between 2009/10 and 2010/11; and between 2010/11 and 2011/12?
- Adjust these allocations for inflation to reflect 2007/08 values. If we factor in the impact of inflation of these future allocations, what is the real increase between 2009/10 and 2010/11; and between 2010/11 and 2011/12?
- What does this mean?
- What implications do your findings have for maximum use of available resources for progressive realisation of socioeconomic rights?

Nominal Increase to BFHI Training Budget



Development Budget - UNICEF

*Sub-vote
No 5010: Health Services*

Objective B Access and quality of Social Services Improved

Target 10 Infant mortality rate reduced from 55% to 50%
by June 2011

<i>GFS Code Description</i>	<i>GFS Code</i>		<i>Annual Budget Estimates 2009/10</i>	<i>Annual Budget Estimates 2010/11</i>	<i>Annual Budget Estimates 2011/12</i>
	<i>Segment 4</i>	<i>GFS Code Description</i>	<i>nominal</i>	<i>nominal</i>	<i>nominal</i>
To sensitize 16 CHMT members on Baby Friendly Hospital Initiatives by June 2010	250311	Per Diems - Domestic	935,000	1,028,500	1,122,000
	260605	Stationery Supplies	44,800	49,280	53,760
	260703	Conference Facilities	80,000	88,000	96,000
	260901	Travel Tickets - Dom	60,000	66,000	72,000
Total of activity			1,119,800	1,231,780	1,343,760

BFHI Training – in real terms



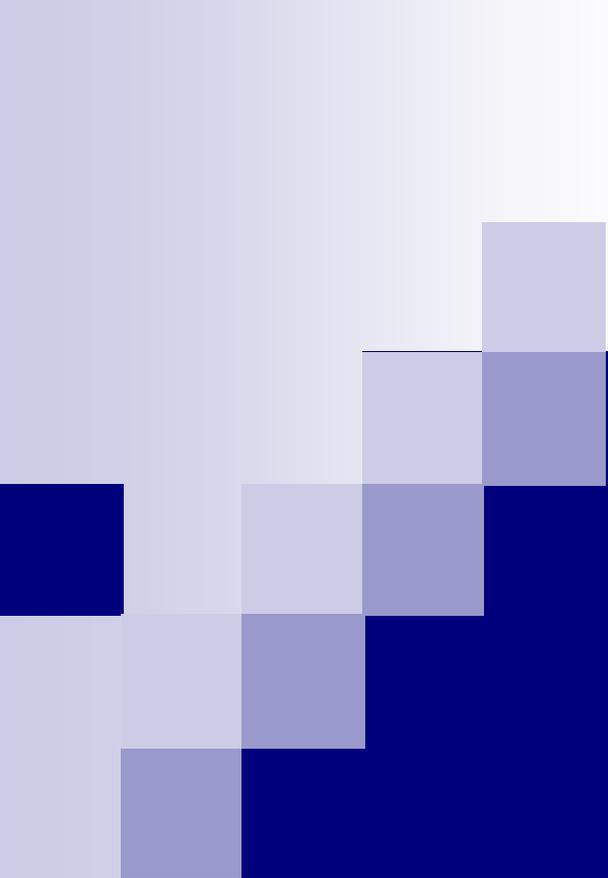
	Development Budget - UNICEF																		
<i>Sub-vote</i> <i>No 5010: Health Services</i>																			
Objective B	Access and quality of Social Services Improved																		
Target 10	Infant mortality rate reduced from 55% to 50% by June 2011																		
<i>GFS Code</i>		<i>Annual Budget Estimates 2009/10</i>	<i>Annual Budget Estimates 2010/11</i>	<i>Annual Budget Estimates 2011/12</i>															
<i>Segment 4</i>	<i>GFS Code Description</i>	<i>nominal</i>	<i>nominal</i>	<i>nominal</i>															
250311	Per Diems - Domestic	935,000	1,028,500	1,122,000															
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260901	Travel Tickets - Dom	60,000	66,000	72,000															
		1,119,800	1,231,780	1,343,760															

Real Increase to BFHI Training Budget



ACTIVITY

Development Budget - UNICEF				
<i>Sub-vote</i>				
<i>No 5010: Health Services</i>				
Objective B Access and quality of Social Services Improved				
Target 10 Infant mortality rate reduced from 55% to 50% by June 2011				
<i>GFS Code</i>		<i>Annual Budget Estimates 2009/10</i>	<i>Annual Budget Estimates 2010/11</i>	<i>Annual Budget Estimates 2011/12</i>
<i>Segment 4</i>	<i>GFS Code Description</i>	<i>nominal</i>	<i>nominal</i>	<i>nominal</i>
250311	Per Diems - Domestic	935,000	1,028,500	1,122,000
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260901	Travel Tickets - Dom	60,000	66,000	72,000
		1,119,800	1,231,780	1,343,760



Where to find CPI Projections

www.imf.org



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1. Select Country Group

Country Group

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2. Select Countries

Select All

Clear All

Continue >

All countries / Emerging and developing economies / Sub-Saharan Africa (44 countries)

Countries

Notes

Countries

Notes

Angola



Lesotho



Benin



Liberia



Botswana



Madagascar



200

<input checked="" type="checkbox"/> Eritrea		<input checked="" type="checkbox"/> Sierra Leone	
<input checked="" type="checkbox"/> Ethiopia		<input checked="" type="checkbox"/> South Africa	
<input checked="" type="checkbox"/> Gabon		<input checked="" type="checkbox"/> Swaziland	
<input checked="" type="checkbox"/> The Gambia		<input checked="" type="checkbox"/> Tanzania	
<input checked="" type="checkbox"/> Ghana		<input checked="" type="checkbox"/> Togo	
<input checked="" type="checkbox"/> Guinea		<input checked="" type="checkbox"/> Uganda	

Tick!

[/www.imf.org/...px?g=2603&sg=All+countries+%2f+Emerging+and+developing+economies+%2f+Sub-Saharan+Africa](http://www.imf.org/...px?g=2603&sg=All+countries+%2f+Emerging+and+developing+economies+%2f+Sub-Saharan+Africa)[2011/11/03 10:42:44 AM]

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<input checked="" type="checkbox"/> Guinea-Bissau		<input checked="" type="checkbox"/> Zambia	
<input checked="" type="checkbox"/> Kenya		<input checked="" type="checkbox"/> Zimbabwe	

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3. Select Subjects

Select All

Clear All

Continue >

Subjects

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Availability

National Accounts

<input checked="" type="checkbox"/>	Gross domestic product, constant prices National currency	i	[1/1]
<input checked="" type="checkbox"/>	Gross domestic product, constant prices Percent change	i	[1/1]

scroll downscroll downscroll down

Monetary

<input checked="" type="checkbox"/>	Inflation, average consumer prices Index	i	[1/1]
<input checked="" type="checkbox"/>	Inflation, average consumer prices Percent change	i	[1/1]
<input checked="" type="checkbox"/>	Inflation, end of period consumer prices Index	i	[1/1]
<input checked="" type="checkbox"/>	Inflation, end of period consumer prices Percent change	i	[1/1]

Tick!

Trade

<input checked="" type="checkbox"/>	Volume of imports of goods and services Percent change	i	[1/1]
<input checked="" type="checkbox"/>	Volume of Imports of goods Percent change	i	[202]

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- 3 >>
- 4
- 5

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4. Select Date Range

Prepare Report >

Date Range

Start Year

End Year

Advanced Settings (Optional)

Notes

- Append Subject Notes
- Append Country/Series-specific Notes

Fields to show on report

...for Country

- WEO Country Code
- ISO Alpha-3 Code

...for Subject

- Subject Descriptor
- WEO Subject Code

Sort Order

- by Country then Subject
- by Subject then Country



- Home
- About the IMF
- Research
- Country Info
- News
- Videos
- Data and Statistics**
- Publications

World Economic Outlook Database, September 2011

Step 5 of 5

- 1 >>
- 2 >>
- 3 >>
- 4 >>
- 5**

5. Report for Selected Countries and Subjects

You will find [notes](#) on the data and options to [download](#) the table below your results.

Shaded cells indicate IMF staff estimates

Country	Subject Descriptor	Units	Scale	Country/Series-specific Notes	2009	2010	2011	2012	2013	2014	2015	2016
Tanzania	Inflation, average consumer prices	Index		i	160.918	177.807	190.305	208.196	218.693	229.593	241.105	253.193

Notes

Country/Series-specific Notes

Tanzania: Inflation, average consumer prices (Index)

Source: National Statistical Office

Latest actual data: 2010

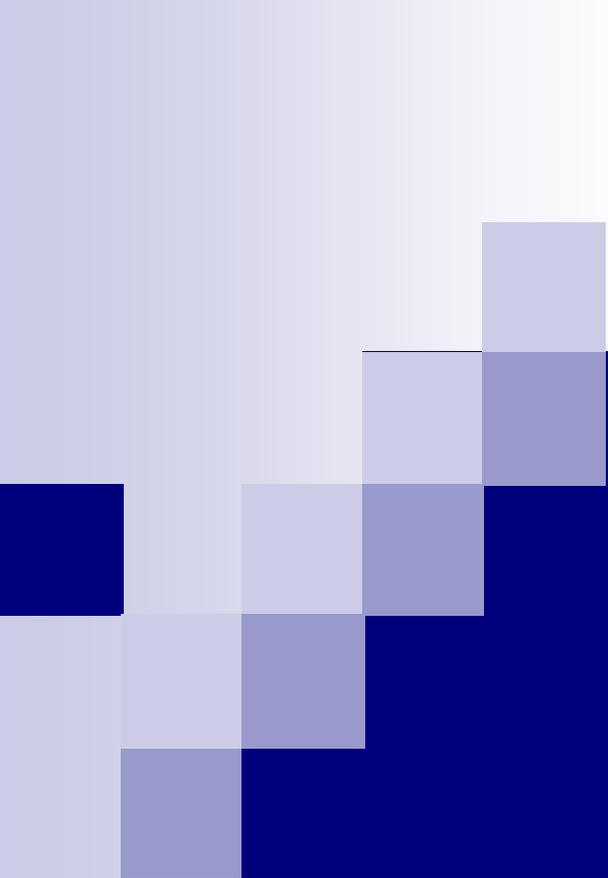
Session 4

What we have covered so far:

1. What is Resource Allocation?
2. Why Monitor Resource Allocation?
3. Resource Allocation in Tanzania
4. What to look for in a Budget
 - i. Budget Classification
 - ii. Linking financial and non-financial data
 - iii. Key Calculations 1: ratios
 - iv. Key Calculations 2: adjusting for inflation

Still to come:

- v. Key Calculations 3: rates of increase



5. Key Calculations 3

Calculating Change Over Time

Rate of Increase



- Describes change in variables over time in percentage terms:
 - “Education spending grew by T3 billion”
 - Can seem meaningless, yet T3 billion is a lot of money
 - “Education spending grew by 25%“
- To determine the rate of increase, use this equation

$$\text{(Later year – Earlier Year) / Earlier Year} \times 100 = \text{Percentage Increase}$$

Rate of Increase

Budget Frame 2009/10 in 2008/09 prices

in millions of Tshillings

	2009/10	2010/11	2011/12
	Ceilings	Projections	Projections
Total Revenue	7,341,864.63	7,740,092.60	8,110,326.85
Total Expenditure	7,341,865	7,740,093	8,110,328
Recurrent	4,773,844	5,032,647	5,541,285
Salaries & wages	1,601,003	1,896,438	2,133,998
Other Charges	2,002,679	2,077,322	2,153,862
Designated Items	512,212	312,878	474,404
Consolidated Fund Services	657,951	746,009	779,021
	-	-	-
Development	2,568,021	2,707,446	2,569,043
Local	943,745	1,198,159	1,556,669
Foreign	1,624,276	1,509,288	1,012,374

Calculated using projected CPI estimates available at the time from WEO April 2009 (www.imf.org)

What is the rate of increase in real terms salaries and wages from 2009/10 to 2011/12?

(Later Year – Earlier Year) / Earlier Year x 100 = Percentage Increase

- So, in the Tanzanian Budget Frame, we know:
 - Salaries and wages in 2011/12 = 2,133,998,000,000 (Later Year)
 - Salaries and wages in 2009/10 = 1,601,003,000,000 (Earlier Year)
- Therefore: $(2,133,998,000,000 - 1,601,003,000,000) / 1,601,003,000,000 \times 100 =$
- % increase = **33.29 per cent**
- This means the allocation to salaries and wages in the Tanzanian budget will increase by 33.29% in real terms from 2009/10 to 2011/12.

Rates of Increase



1. Siha District Allocations to BFHI Training

Refer the following slide.

- Using the table provided on your activity sheet, calculate the rate of increase in allocations to each line item for the **BFHI Training** budget in the SDC MTEF between 2009/10 and 2011/12 in *nominal and real terms*.
- Calculate the rate of increase in allocations to each line item for the **BFHI Training** budget in the SDC MTEF between 2009/10 and 2010/11 and between 2010/11 and 2011/12 in *real terms*.
- Describe these changes in the space provided using full sentences.
- Suppose the planned training was phased evenly throughout the three-year MTEF period. What would be the implication of your findings for SDC's ability to train CHMT members on BFHI throughout the MTEF period?

BFHI Training – in nominal & real terms



ACTIVITY

Development Budget - UNICEF							
<i>Sub-vote</i> No 5010: Health Services							
Objective B	Access and quality of Social Services Improved						
Target 10	Infant mortality rate reduced from 55% to 50% by June 2011						
<i>GFS Code</i>		<i>Annual Budget Estimates 2009/10</i>	<i>Annual Budget Estimates 2010/11</i>	<i>Annual Budget Estimates 2011/12</i>	<i>Annual Budget Estimates 2009/10</i>	<i>Annual Budget Estimates 2010/11</i>	<i>Annual Budget Estimates 2011/12</i>
<i>Segment 4</i>	<i>GFS Code Description</i>	<i>nominal</i>	<i>nominal</i>	<i>nominal</i>	<i>real</i>	<i>real</i>	<i>real</i>
250311	Per Diems - Domestic	935,000	1,028,500	1,122,000	764,801.93	795,821.42	826,962.33
260605	Stationery Supplies	44,800	49,280	53,760	36,645.06	38,131.34	39,623.44
260703	Conference Facilities	80,000	88,000	96,000	65,437.60	68,091.67	70,756.14
260901	Travel Tickets - Dom	60,000	66,000	72,000	49,078.20	51,068.75	53,067.10
		1,119,800	1,231,780	1,343,760	915,962.79	953,113.18	990,409.01

BFHI Training – % increase overall



Development Budget - UNICEF							
<i>Sub-vote</i>							
<i>No 5010: Health Services</i>							
Objective B		Access and quality of Social Services Improved					
Target 10		Infant mortality rate reduced from 55% to 50% by June 2011					
<i>GFS Code Description</i>	<i>GFS Code</i>		<i>Annual Budget Estimates 2009/10</i>	<i>Annual Budget Estimates 2010/11</i>	<i>Annual Budget Estimates 2011/12</i>	<i>% Increase in nominal</i>	<i>Annual Estimate 2009/10</i>
	<i>Segment 4</i>	<i>GFS Code Description</i>	<i>nominal</i>	<i>nominal</i>	<i>nominal</i>		
To sensitize 16 CHMT members on Baby Friendly Hospital initiatives by June 2010	250311	Per Diems - Domestic	935,000	1,028,500	1,122,000	20%	764,000
	260605	Stationery Supplies	44,800	49,280	53,760	20%	36,000
	260703	Conference Facilities	80,000	88,000	96,000	20%	65,000
	260901	Travel Tickets - Dom	60,000	66,000	72,000	20%	49,000

BFHI Training – % increase year-on-year



		Development Budget - UNICEF				
	<i>Sub-vote</i>					
	<i>No 5010: Health Services</i>					
	Objective B	Access and quality of Social Services Improved				
	Target 10	Infant mortality rate reduced from 55% to 50% by June 2011				
<i>GFS Code Description</i>	<i>GFS Code</i>					
	<i>Segment 4</i>	<i>GFS Code Description</i>				
To sensitize 16 CHMT members on Baby Friendly Hospital Initiatives by June 2010	250311	Per Diems - Domestic				
	260605	Stationery Supplies				
	260703	Conference Facilities				
	260901	Travel Tickets - Dom				

Rate of Increase



- If spending grows by 20% from one period to another, a drop in 20% *will not* return spending to the original level
 - 10% of TShs 10 = TShs 1
 - So a 10% growth of TShs 10 = TShs 11
 - But 10% of TShs 11 = TShs 1.1
 - So a 10% decrease of TShs 11 = TShs 11 – TShs1.1
 - = TShs 9.9

Describing Percentages



- Many people do not instinctively understand percentages
 - Especially changes greater than 100 percent
 - 25 percent = one quarter is more obvious for some
- While an increase of 100 percent doubles the original figure, an increase of 200 percent triples the original
 - Not necessarily intuitive
- Helpful in a narrative text is to convert percentages into simple fractions
 - 23 percent change becomes 'nearly one quarter'
 - An increase of 53 percent can be described as 'just over half'
 - One third for figures around 33 percent
 - One fifth for 20 percent
 - One sixth for figures around 17 percent
- Safest to write like this if the data with the actual figure is included in a table in the report.

Describing Percentages

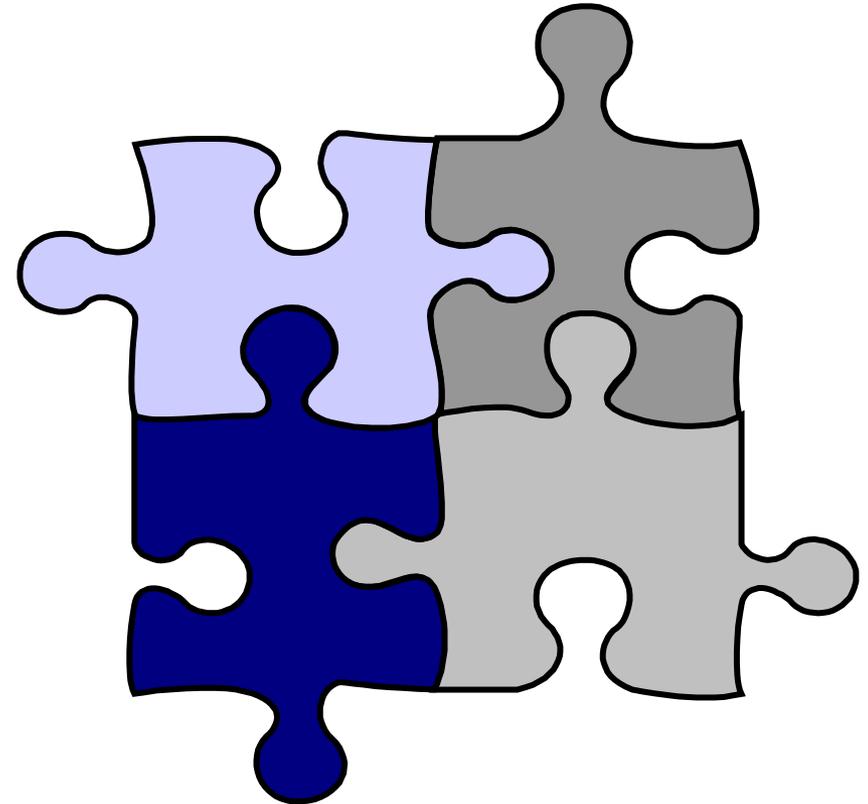


- Describe the following percentages in a way that your audience can easily understand:
 - Allocations to Salaries in 2005/06 amount to 54.35% of the Roads budget
 - Allocations to Goods and Services in 2006/07 amount to 26.42% of the budget
 - Only 32 out of every 100 patients visiting a hospital will receive medical attention
 - The HIV infection rate amongst pregnant women is 52.8%
 - Supply management systems indicate that hospitals have only 24.6% of the stock they require

What does all of this mean?



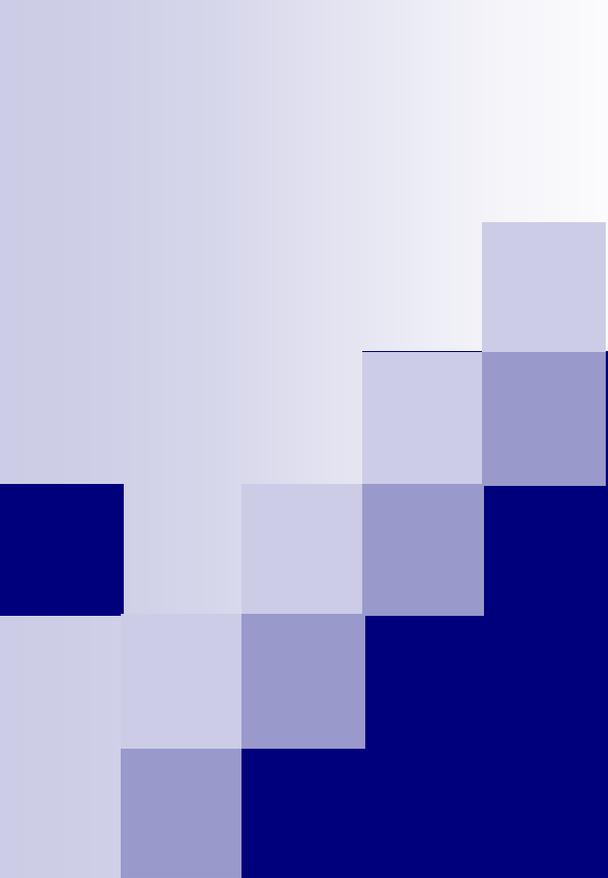
1. SDC Allocations to HRH?



Session 4

What we have covered in this session:

1. What is Resource Allocation?
2. Why Monitor Resource Allocation?
3. Resource Allocation in Tanzania
4. What to look for in a Budget
 - a) Budget Classification
 - b) Linking financial and non-financial data
 - c) Key Calculations 1: ratios
 - d) Key Calculations 2: adjusting for inflation
 - e) Key Calculations 3: rates of increase

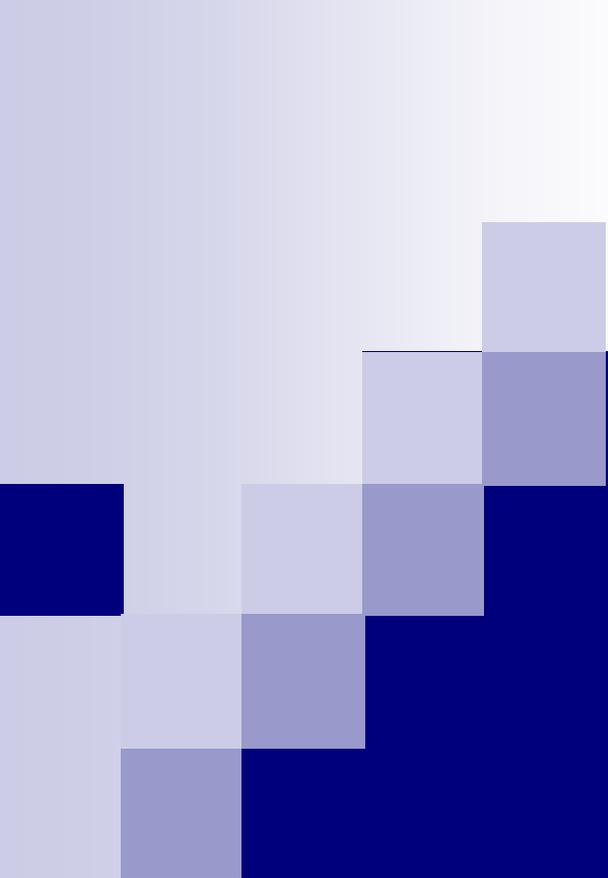


Session 5

Introduction to Advocacy

Session 5

- **Session 5 consists of four parts:**
 1. Defining advocacy
 2. Power and advocacy
 3. Developing Social Accountability Advocacy Interventions
 4. **Using litigation**



Part 1

Defining Advocacy

Defining Advocacy

Advocacy is:

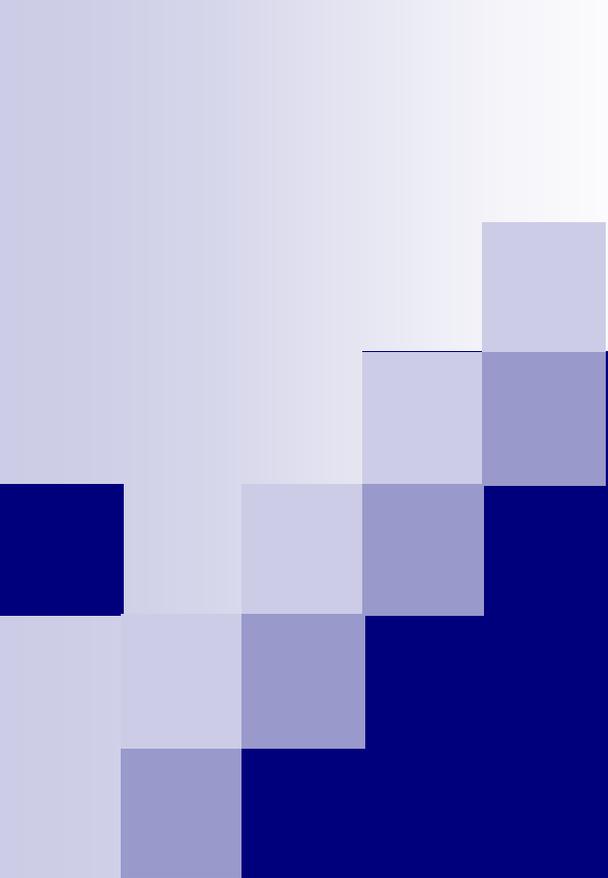
- Speaking for others?
- Empowering others to speak for themselves?
- Highlighting issues that have been ignored?
- Influencing public opinion?
- Changing the power relationships?
- The improvement of people's lives?

Defining Advocacy

- *The pursuit of influencing outcomes that directly affect people's lives*
- *Any action geared towards changing the policies, positions or programmes of any institution*
- Organised efforts and actions based on the reality of “what is” (evidence based) seeking to influence public attitudes to enact change to realise visions of “what should be”
- To gain access and voice for social justice advocates in the decision making of relevant institutions
- To change the power relationships between these institutions and people affected by their decisions, changing the institutions themselves

Why Conduct Advocacy?

- Create demand for action and social accountability
- Reform existing policies, laws, budgets and develop new programmes
- Create more democratic, open and accountable decision-making structures and processes
- Obtain broad participation and support for initiatives that affect people's lives
- Create awareness of and build support for issues such as the right to social accountability and human rights



Part 2

Power and Advocacy

Power and Advocacy

- Increasing participation in the processes of government is an important part of advocacy
- Achieving broadened participation in state processes is complex and difficult
- Advocacy interventions therefore have to address relationships of political power governing these processes
- Political power is difficult to analyse and confront
 - Operates in ways that are not visible
- Failure to address the complexities of power and poor understanding of power relationships
 - Missed opportunities
 - Counter-productive advocacy strategies – both for civic actors and for promotion of democracy and human rights

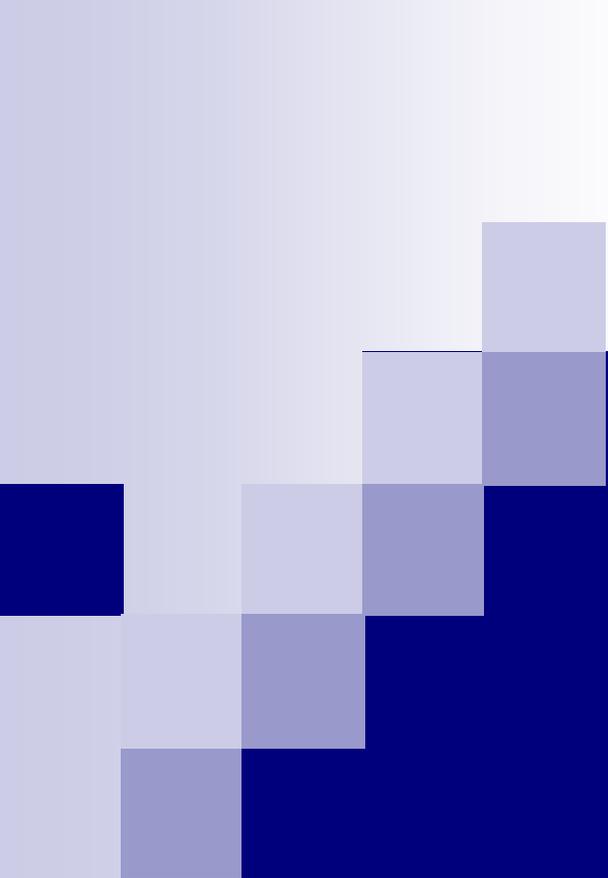
What power do I have?

- A good advocacy strategy begins with an analysis of your own power base.
- Your power base is the means you have at your disposal to influence a change in the thinking or behaviour of others to achieve your advocacy objective.
- This self-power analysis should guide the nature and timing of advocacy interventions.

What power is held by others?

- Civic actors must map out the who, what and how of their country-specific power relationships
 - Who decides (decision makers)
 - What is decided (issues)
 - When their advocacy can have the most influence? (timing)
 - How decisions are made (process)
 - How decisions are enforced, implemented and evaluated (monitoring)

Some sources of power are clearly visible while others are more subtle and not as easy to identify.



Part 3

Developing an Advocacy Intervention

Developing an Advocacy Intervention

Eight Key Questions

1. Should we conduct social accountability monitoring advocacy?
2. What do we want? (GOALS)
3. Who can give it to us? (Audience, Key Players or Power holders)
4. What do they need to hear? (MESSAGES)
5. Who do they need to hear it from? (MESSENGERS)
6. When do they need to hear it? (TIMING)
7. How can we get them to hear it? (DELIVERY)
8. How do we tell if it is working? (MONITORING and EVALUATION)

1. Should we conduct advocacy?

- Civic actors must first weigh pros and cons of conducting advocacy, given their organisation and country-specific context
- In doing so, they should review the following:
 - What resources and strengths can your organisation offer advocacy work?
 - What added resources (both human and financial) will your organisation need to undertake an advocacy intervention?
 - What skills, if any, does your organisation currently have to do effective advocacy work?
 - What additional advocacy skills are required and at what cost?
 - What are the benefits of your advocacy intervention to your organisation/community/other stakeholders?
 - What are the risks of your advocacy intervention to your organisation/community/other stakeholders?
 - How will embarking on an advocacy intervention affect your organisation's mission and/or other activities?

2. What do we want? (GOALS)

- Need to identify the goals and objectives of your advocacy intervention. This requires a clear articulation of the problem/issue to be addressed
- There are generally two types of problems:

Process problems

- Relate to how decisions are made and implemented.
- Include issues of transparency, social accountability, public integrity, discrimination and oppression.
- May be difficult to mobilise around process problems as they appear abstract and can take a long time to influence.

Concrete/content problems

- Problems with a concrete or physical impact, often to do with basic needs and violations of basic rights
- Easier to mobilise around because they demand an immediate response.

2. What do we want? (GOALS)

- Your goals and objectives of your advocacy intervention need to be:
 - **S**pecific
 - **M**easurable
 - **A**greed
 - **R**ealistic
 - **T**ime-specific

3. Who can give it to us? (Audience, Key Players, or Power Holders)

- Power mapping – identify your advocacy targets
 - Formal authority
 - Informal authority
- Two types of Audiences
 1. Primary Audience: Decision Makers
Those that have the power of authority to make or to block the change you want (formal)
 2. Secondary Audience: Pressure Makers
Those who have the power to influence or pressure decision makers or other pressure makers, and to raise public awareness (informal)

You must use different advocacy strategies according to the audience you are addressing

4. What do they need to hear (MESSAGES)

- Message = what you choose to say about your issue and its solutions to your audiences – organising theme
- A straightforward statement based on RESEARCH / ANALYSIS and EVIDENCE that will persuade a particular audience.
- A Good Message is:
 - Simple
 - To the point
 - Easy to remember
 - Repeated frequently
 - Tailored to the intended target audience

Aim to craft a message that will convince your audiences to ACT rather than simply communicate what you want to say

5. Who do they need to hear it from (MESSENGERS)

- The same message can have a very different impact depending on who communicates it.
- Messengers:
 - Experts
 - Specialised CSOs
 - Personalities committed to your topic
 - Affected groups
 - Alliances and Coalitions

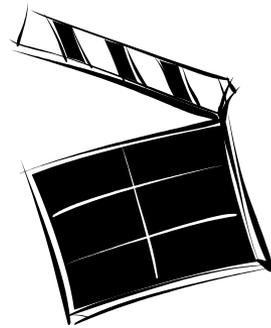
5. Who do they need to hear it from (MESSENGERS)

Alliances, Coalitions and Networks

- Voices can be more powerful when they speak together
- Coalitions: formalised structure, involve long-term relationships. Their permanence can give clout and leverage.
- Alliances: shorter-term, very specific interventions, can be less demanding on members' time.
- Networks: loose, flexible associations of people brought together by a common concern.
- **WARNING** – If not organised well can drain resources and undermine your advocacy strategy.

6. How can we get them to hear it? (DELIVERY)

- Many ways to deliver an advocacy strategy
- Most effective will vary from situation to situation and audience to audience
- Key is to evaluate them appropriately, weaving them together to ensure success.
- Timing is Important
 - Time: when things happen (i.e. sequence of events within the budget or legislative processes)
 - Timing: when you make things happen – when it is strategically effective to make your social accountability intervention



7. How do we tell if it is working? (M & E)

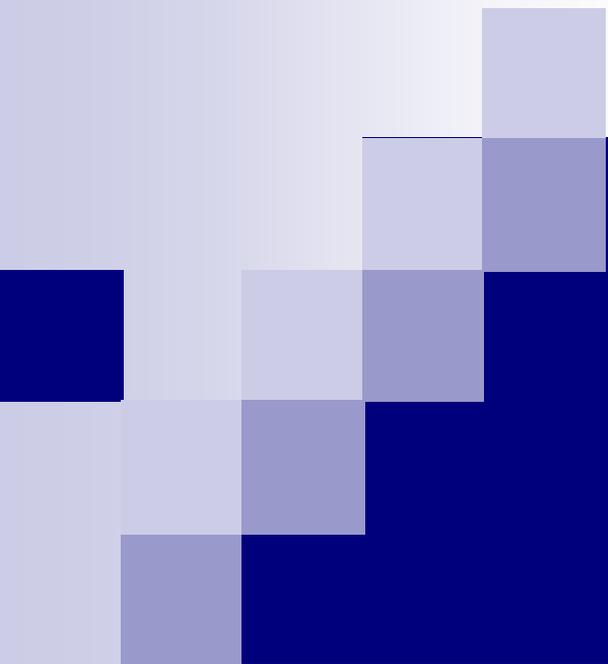
- Need to monitor and evaluate the progress of your advocacy intervention.
- Monitor and Evaluate Process
 - Are your strategies working? How effective are they?
 - Are you reaching your target audiences?
 - Are you still sure that your target audience(s), messages and communications strategies are the most appropriate?
- Monitoring and Evaluating Impact
 - Can be extremely difficult, time consuming and costly.
 - How can you be sure it was YOUR intervention that brought about the change?
 - Have to set goals that are SMART to be able to track them.
 - Where necessary, long-term research may be required.

Summing Up the 7 Questions

1. Should we conduct social accountability monitoring advocacy?
2. What do we want? (GOALS)
3. Who can give it to us? (Audience, Key Players or Power holders)
4. What do they need to hear? (MESSAGES)
5. Who do they need to hear it from? (MESSENGERS)
6. How can we get them to hear it? (DELIVERY)
7. How do we tell if it is working? (MONITORING and EVALUATION)

Session 5

- **We have covered so far:**
 1. Defining advocacy
 2. Power and advocacy
 3. Developing Social Accountability Advocacy Interventions

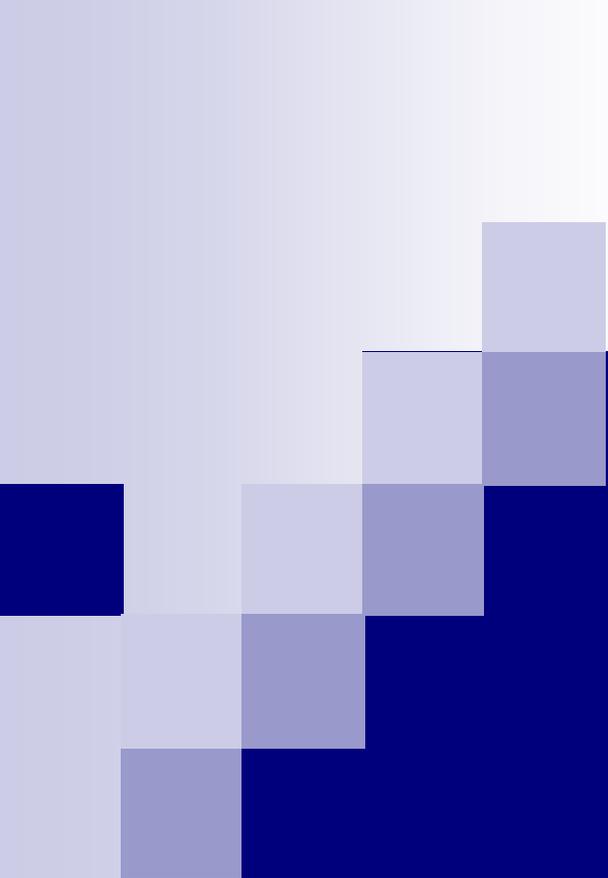


Session 7

Introduction to Expenditure Management

Session 7

- **Session 7 consists of four parts:**
 1. What is Expenditure Management (EM)?
 2. Why Monitor Expenditure Management?
 3. Expenditure Management in Tanzania
 4. What to look for in financial reports



Part 1

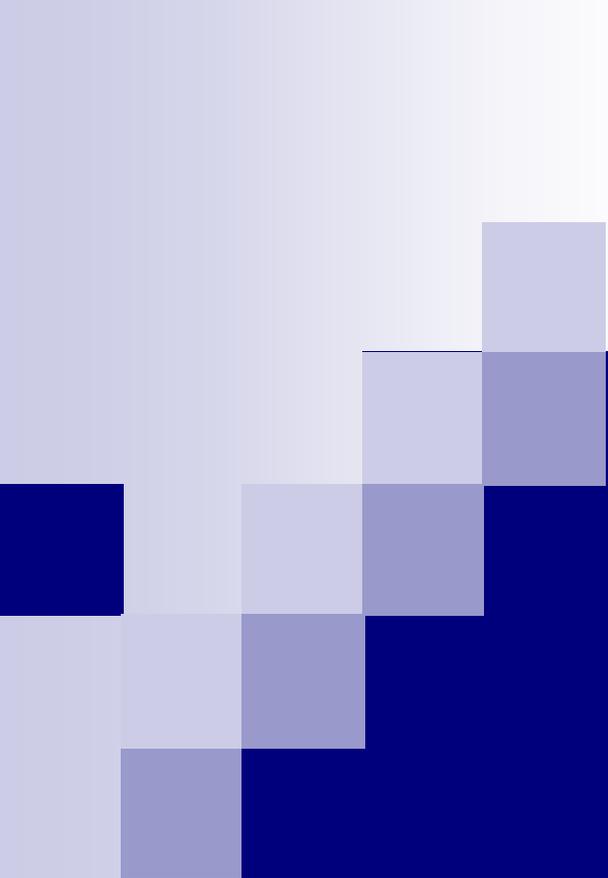
What is Expenditure
Management?

1. What is Expenditure Management?

- **Human needs** are prioritised by setting **policies** which articulate the commitment by a government to transform a human need into a capability to address that need.
- **Strategic planning** sets out a roadmap for how to get from the policy decision to the delivery of a service that will enable the need to be addressed.
- **Resource allocation** serves as a link between what is needed to deliver a service and the resources available to address this need.
- **Expenditure management** is the management, distribution and spending of allocated financial resources to procure goods and services that will deliver the intended policy objectives.

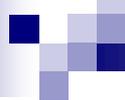
1. What is Expenditure Management?

- Expenditure Management is concerned with the effective execution of the budget.
- In executing the budget, governments aim to achieve 3 basic goals through expenditure management:
 - **Fiscal discipline** – Governments should only spend what they can afford.
 - **Strategic allocation of budgeted resources** – Government spending should always be consistent with strategic plan objectives and policy priorities.
 - **Good operational management** –
 - **Efficiency**: spending to procure as much as is needed and only what is needed to be available when it is needed.
 - **Effectiveness**: achieving the outcome for which the output is intended
 - **Value for Money**: getting the best quality goods and services for the lowest possible price.
- The EM process can be evaluated by assessing EM outputs.



Part 2

Why Monitor Expenditure Management?



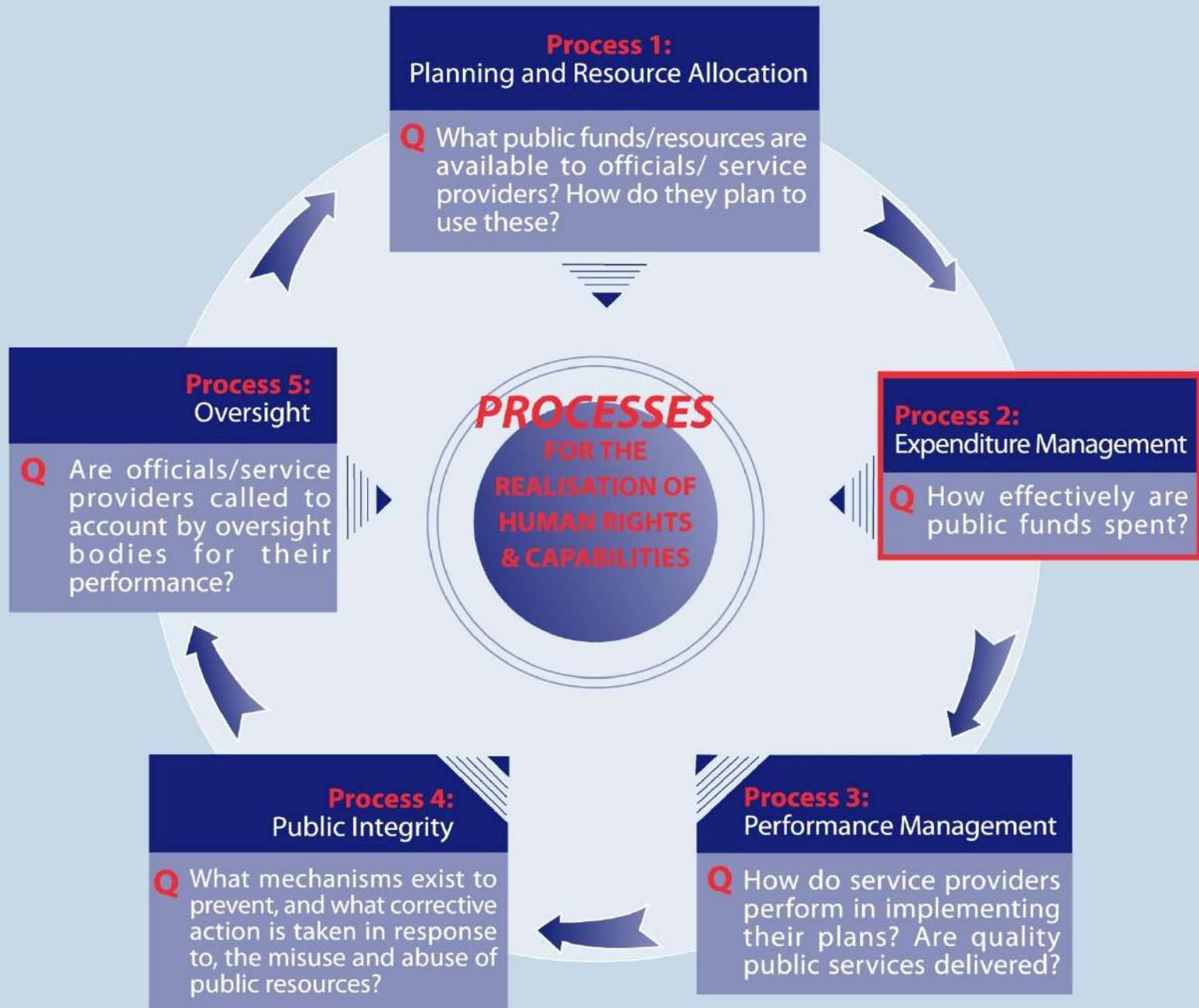
2. Why Monitor Expenditure Management?

- 2.1 A rights-based approach to evaluating Expenditure Management
- 2.2 Expenditure Management and the right to social accountability
- 2.3 Expenditure Management within a SAS monitoring approach

2.1 A rights-based approach to evaluating Expenditure Management

- **All human beings have rights** which are guaranteed in the domestic, regional and international commitments signed up to by the state.
- The state has the obligation to address a range of needs which will give citizens the capability to experience **the progressive realisation of their rights within available resources**.
- An accountable state addresses these needs through **five public resource management processes**. Expenditure Management is **Process 2** within the Public Resource Management Framework.
 - The **right to social accountability** asserts:
 - a) that every state is obliged to **justify and explain** its decisions and actions in this regard to its citizens as a matter of course and to take timely **corrective action** where weaknesses are identified.
 - b) that all citizens have the right to demand these **justifications and explanations** from the state when it fails to provide them adequately.

The Social Accountability System



Activity 7.1 Expenditure Management and the Social Accountability system

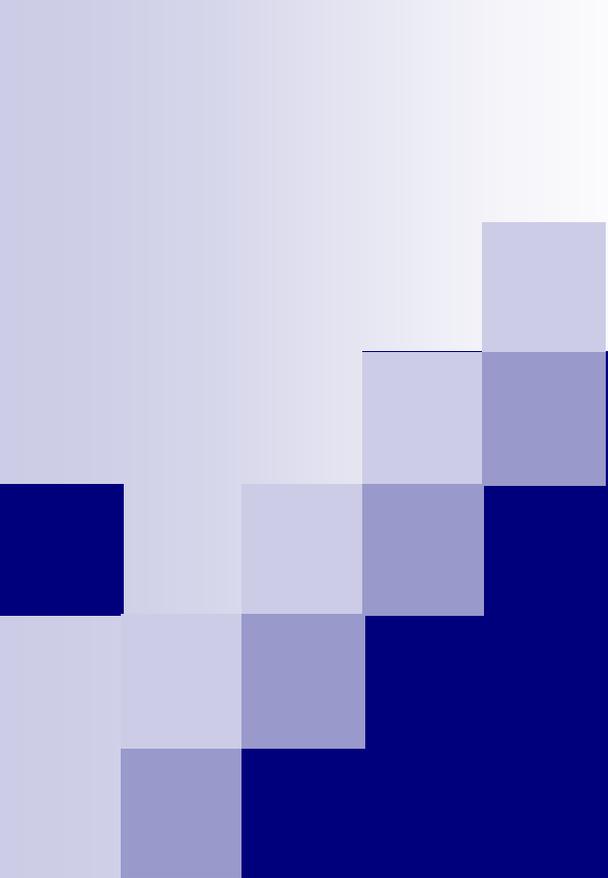


- Groups 1 and 2, map out the impact of an **effective** expenditure management process on Process 1 of the social accountability system, citing the implications this will have on each process within the system.
- Groups 3 and 4, map out the impact of an **ineffective** expenditure management process on Process 1 of the social accountability system, citing the implications this will have on each process within the system.
- You have five minutes to discuss and then come abck to plenary.

2.2 Expenditure Management within a SAS monitoring approach

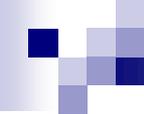
Strategic Planning/Resource Allocation and Expenditure Management

- Expenditure management begins with a good plan and a good budget.
- The legislature's approval of the budget and strategic plan, gives a government permission to collect revenue and spend during a given financial year. Expenditure must comply with the strategic priorities approved by the people through their representatives.
- Failure to budget accurately for planned activities means that money will not be allocated in a way that best achieves planned objectives.
- Conversely, poor expenditure management will lead to inaccurate financial information on which future budgets and plans will be based.



Part 3

Expenditure Management in Tanzania



Strategic Planning in Tanzania

3.1 General requirements

3.2 Key role-players

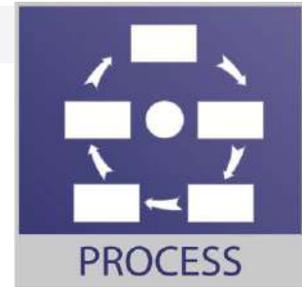
3.3 Information outputs

3.4 Expenditure Management timeline

3.1 General Requirements

- In executing the budget, governments aim to achieve 3 basic goals through expenditure management:
 - **Fiscal discipline** – Governments should only spend what they can afford.
 - **Strategic allocation of budgeted resources** – Government spending should always be consistent with strategic plan objectives and policy priorities.
 - **Good operational management** –
 - **Efficiency:** spending to procure as much as is needed and only what is needed to be available when it is needed.
 - **Effectiveness:** achieving the outcome for which the output is intended
 - **Value for Money:** getting the best quality goods and services for the lowest possible price.

3.1 General Requirements



- Expenditure management can normally be categorised into 7 stages:
 1. Aggregate cash control
 2. Commitment of funds
 3. Verification of goods/services received
 4. Processing of payment request
 5. Accounting
 6. Financial Reporting
 7. Audit

On this course we will focus primarily on the Tanzanian procedures for EM at the local government level.

3.1 General Requirements

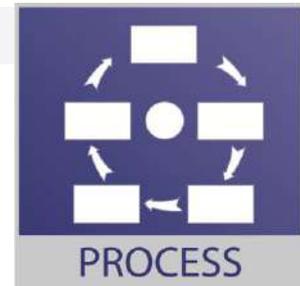
1. Aggregate Cash Control

- This means income must be managed at the top to ensure that those at the lower levels have the right amount of money that they need, when they need it.
- All revenue collected should be deposited into a single account so that the government knows how much money it has available at any given point in time. *In Tanzania the Single Treasury Account is referred to as the Consolidated Fund.*
- The release of cash to spending units must be controlled so that the government is always able to honour its spending commitments.
- This will also ensure that the government does not have to incur unnecessary debt to finance any resource gaps between the balance available and payments due.
- *Cash control in Tanzania is done through the Accountant General's Office in the Ministry of Finance through a system of warrants issued to spending units as a ceiling within which that may spend during a specified period of time. These warrants are supposed to be issued based on annual cashflow plans produced by government entities.*

3.1 General Requirements

Debt Management

- When anticipated expenditure exceeds projected revenue it is sometimes necessary for governments to borrow.
 - Borrowing should be limited to investment spending wherever possible.
 - The cost of debt should be assessed, managed and monitored rigorously to ensure that:
 - The country's resource envelope can afford both the principal and the interest
 - The total cost of the debt will not exceed the expected benefit.
 - The debt incurred is likely to increase the future size of the resource envelope.
 - This is normally communicated to the public through a debt management strategy. See http://www.mof.go.tz/index.php?option=com_content&task=view&id=48&Itemid=63 for Tanzania's Debt Management Strategy
- When choosing a lender, the primary aim of government should be to ensure that the terms of the lending agreement are the best that the country is able to obtain.
- *Orders 191 – 198 of LAFM articulate procedures for borrowing at LGA level.*



3.1 General Requirements

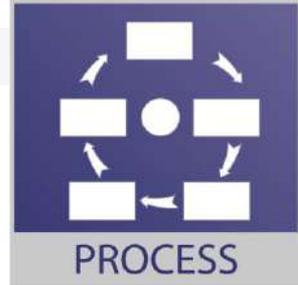
Cash management

- A cash management framework should govern:
 - The identification of revenue and accounts receivable
 - Collection and banking of revenue due
 - Identification of surplus or underperforming assets
 - Monitoring payment of accounts
 - Production of reliable forecasts of the amounts and timing of material cash flows (a cashflow plan, a procurement plan)
- Effective cash management at central government level is crucial to enable timely disbursement of funds.
- *Cash management in Tanzania (including control of commitments) is regulated by the Public Finance Regulations (PFR) 2001 Part XIII and the Local Authorities Financial Memorandum (LAFM) 1997 Order 50 for LGAs*

3.1 General Requirements

2. Commitment of Funds

- A commitment is made when a contract is signed or a purchase order (LPO) is issued.
- At the commitment stage systems must be in place to ensure that:
 - Expenditure is in accordance with the budget and enough funds are allocated within the relevant appropriation to cover it.
 - Costings are accurate and cover all unavoidable expenses.
 - The government does not assume any additional hidden expenses by committing to the proposed expenditure.
 - Expenditure conforms to all legal, regulatory and procedural requirements.
 - Money is actually available or likely to be available to pay for this expenditure when it becomes due.
 - *Parts XII and XIII of the LAFM regulate procurement at LGA level in Tanzania*



3.1 General Requirements

Authorisation

- LGA officials should only be able to spend funds with the written authorisation of the officer with the authority to make such commitments, normally the Administrative Head (also known as the Accounting Officer) of the LGA
- Authorisation requests should be accompanied by any supporting documentation required by financial regulations.
- *See Orders 7 – 8 of LAFM*

Record of Commitments

- Ideally there should be a centrally kept record of all commitments that is regularly updated and monitors cash inflows.
- When there is no centralized accounting of commitments, there is a potential danger of accumulating unpaid invoices because no one ensures, when commitments are made, that they are consistent with expected future cash availability.
- *See Orders 50-51 of LAFM*

3.1 General Requirements



Procurement processes

- Procurement processes should ensure that tender processes are:
 - Competitive
 - Transparent
 - Publicly accessible
 - Fair
 - Undertaken against clear guidelines
- Efficiency, effectiveness and value for money should be *the primary basis* for all procurement decisions.
 - Controls within procurement processes must be incorporated to ensure this.
- Contracts entered into by the government are official commitments to spend public money and should be open for interested civic parties, oversight bodies to inspect and monitor
- Public Procurement in Tanzania is guided by the Public Procurement Act 2003 and overseen by the Public Procurement Regulatory Authority (PPRA)
- *See Parts XII-XIII of LAFM*

3.1 General Requirements

3. Verification of goods/services received

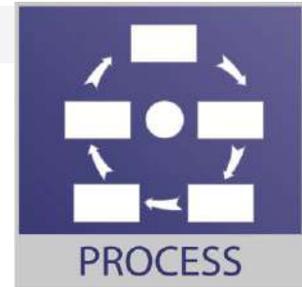
- At this stage it should be verified that what was agreed in the commitment is what was received in terms of:
 - Quantity
 - Specifications
 - Quality
- There should also be a precise calculation of the actual liability that the government has incurred by procuring the goods/services.
 - *See Order 256 -257 of LAFM*

3.1 General Requirements

4. Processing of Payment requests

- At this stage the financial comptroller verifies that:
 - all previous controls have been performed.
 - the budget provides for this transaction.
 - payment is actually due.
 - The expenditure has been properly classified under the correct line item.
 - The payment is being made to a real creditor.
 - The payment has not been made before.
- Once the necessary verification has been done, payment is made.
- *See Parts XII and XV of the LAFM*

3.1 General Requirements



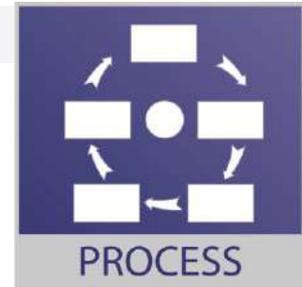
■ Separation of duties

- No single official should be responsible for managing all aspects of financial transactions
- Responsibilities in authorising, processing, recording and reconciling transactions should be separated among individuals.

■ Integrity of the process

- There are bound to be occasions when exceptions to the expenditure management procedures are required. However, exceptions to the rule should never become the norm.
- As far as possible, normal procedures should be followed.
- There should NEVER be ad hoc or unregulated exceptions to normal financial control procedures in a good expenditure management system.
- *See Order 9-11 of LAFM*

3.1 General Requirements



5. Accounting procedures and systems

- Should ensure that all transactions are properly gathered, (for accurate financial reports) classified and recorded (to facilitate verification of reports).
- Should demonstrate what resources were received and how they were used
 - This is important for expenditure management and for audit purposes
- Should be governed by comprehensive, clear and enforced laws, regulations and procedures.
- Should adhere to generally accepted accounting practices.
- *Tanzania has now fully adopted the International Public Sector Accounting Standards (IPSAS) since 2008/9.*
- The two most common accounting systems used in the public sector are cash basis and accruals basis.
- *See Part VI of LAFM*

3.1 General Requirements



KEY CONCEPT

Cash Basis Accounting

- Financial events recorded on the basis of cash flows.
- Revenue recognised only when cash is received (cash receipts) and expense is recognised only when cash is paid.
- Promises to pay or expectations to receive money or service in the future are not recognised.
- Only cash transactions are recorded. Does not record assets or liabilities and their changing value over time.
- Does not reflect long term implications of current commitments.
- Cash accounting can be adequate if it is accompanied by a well-functioning system of recording commitments and arrears (unpaid bills).
- *Central Government ministries, departments and regional administrations in Tanzania are required to use the IPSAS cash basis of accounting.*

3.1 General Requirements



Accrual Basis Accounting

- Payments and receipts recorded once goods or services are delivered and verified.
- Revenue and receivables recorded when earned, regardless of when actual payment is received.
- Assets or liabilities and their changing value over time are recorded in the accounts.
- Records long term implications of current commitments, (eg. future debt servicing implications of debt incurred).
- *Local Government Authorities in Tanzania are required to use the IPSAS accruals basis of accounting.*

3.1 General Requirements

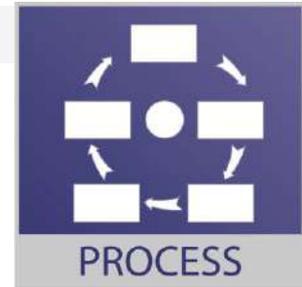
	Cash Accounting	Accrual Accounting
Operational requirements	Relatively simple	Relatively complex
Links to traditional budget and revenue systems	Relatively strong	Relatively weak
Coverage	Records only transactions that result in cash payments or receipts	Records estimated non-cash transactions as well
Timing	Records only transactions that occur within the accounting period	Records the estimated future effects of current transactions and policy changes
Audit and control	Relatively simple	Relatively demanding

3.1 General Requirements

Accounting systems should include:

- Adequate security system
- Systematic comparison with banking statements.
- All expenditure and revenue transactions should be registered into the accounts according to the same methodology
- Common classifications of allocations and expenditure along functional and economic categories.
- Clear and well-documented accounting procedures
- Statements should be regularly produced and signed off
- Systems for tracking the uses of appropriations at each stage of the expenditure cycle (commitment, verification, and payment)

3.1 General Requirements



Financial Management Information Systems

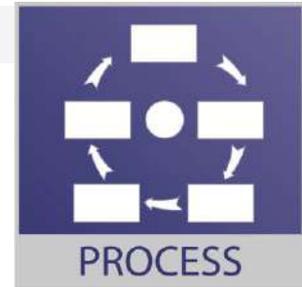
a. Record-keeping

- Spending Units should ensure that source documents for all transactions are properly recorded, stored and available for scrutiny for the required duration.
- See *LAFM 1997 Part VI & VII, PFR 2001 Part XI(a)*

b. Information for auditing

- Spending Units should be able to produce any requested source documents for auditing (both internal and external auditing) in a timely manner.
- See *Part VII of LAFM*

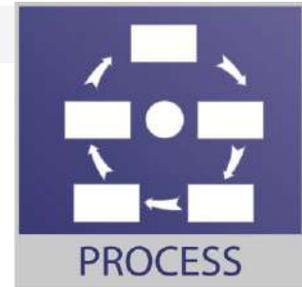
3.1 General Requirements



c. Personnel and Salary systems

- Administrative Head is sometimes responsible for establishing personnel policies and procedures and ensuring that personnel expenditure is strictly controlled.
- In many developing countries this function is managed centrally.
- Whatever system is applied, it must ensure that personnel information records are up-to-date at all times, particularly those of staff who have a function in the financial and expenditure control process.
- Payrolls must be certified and regularly updated to ensure that all people on the payroll are employed by the LGA.
- *See Part XV of LAFM*

3.1 General Requirements



6. Financial reporting

- Each spending unit should produce monthly financial statements on all movements on appropriations and line items showing:
 - How much has been spent
 - What resources remain
 - How much of the remaining resources are committed for spending, and
 - How much the LGA will require for the rest of the financial year.
- Quarterly and annual reports should also be submitted to legislative bodies for scrutiny and oversight.
- All financial reports should be signed off by the accounting officer and made available to the public.
- These reports should be used to manage spending, to take corrective action, to review the cost of service delivery, and to inform future budgeting decisions.
- *Financial reporting in Tanzania should follow IPSAS standards.*

3.1 General Requirements

7. Audit

External Audit

- Using government-produced financial reports to monitor government expenditure relies on the validity of those financial reports
- Are government financial reports an accurate reflection of a MDA's financial performance?
- Inaccurate financial reporting leads to poor expenditure management and prevents corrective action from being taken to address any systemic weaknesses
- The Supreme Audit Institution (SAI) is responsible for verifying the accuracy of information contained in government reports.
- The process of verifying reports is called auditing
 - Both internal and external auditors are responsible for auditing government financial reports
- *All LGAs in Tanzania are Audited by the National Audit Office (NAO) on an annual basis as per PFA (2001) and LGFA (1982) as revised in 2000.*

3.1 General Requirements



Internal Audit

Purpose

- It is an (semi) independent appraisal function
- It provides a regular appraisal of internal controls
- Assists management in carrying out its responsibilities by providing analyses, appraisals, recommendations and advice concerning activities under review.

Membership

- Requires specialist audit expertise
- May be contracted externally or situated within the LGA
- Must be completely independent of the activities that are audited

Authority

- Must have unlimited access to information

Accountable to

- Administrative Head of LGA
- Audit Committee

See Orders 12 to 16 of LAFM

3.1 General Requirements



Role of the Internal Audit Function

■ Internal controls

- evaluates LGA's internal controls for effectiveness, efficiency and value for money
- assists management in identifying internal control weaknesses and proposing potential solutions
- develops recommendations for their improvement

This involves appraising:

- LGA information systems environment
- reliability and integrity of financial and operational information
- effectiveness of operations
- compliance with laws, regulations and controls

■ Risk management

- Timeous identification of internal control issues minimises potential instances of over or under expenditure, fraud and corruption, mismanagement of public funds

See Orders 9-11 of LAFM

3.1 General Requirements Audit Committees



KEY CONCEPT

Purpose

- Provides oversight of the internal audit function and reviews the operation of expenditure management processes within the LGA

Membership

- Independent
- Should not perform any management functions or assume any managerial responsibilities (this would prejudice its objectivity)
- At least three persons
- Composition guided by domestic laws and regulations

Authority

- Explicit authority to investigate matters within its powers;
- Should have full access to required information
- Role is advisory, not executive
- Administrative Head bears responsibility for implementing Audit Committee Recommendations.

Accountable for

- Reporting and making recommendations to Administrative Head.
- Reporting in Annual Report against performance as per mandate

3.1 General Requirements



Functions of the Audit Committee

- To oversee the internal audit function
- To assess the effectiveness of internal auditing
- To proactively advise the Administrative Head in addressing systemic issues.
- To report on findings
- To share its findings with the Supreme Audit Institution



3.1 General Requirements

- Objective of expenditure management is to ensure the effective implementation of the Budget, which requires a number of internal expenditure management mechanisms.
- The systems, regulations and procedures for expenditure management in Tanzania can be found in a number of key documents. Below are a few examples:
 1. Accounting procedures and systems (*PFR 2001, LAFM 1997, LAAM 1990*)
 2. Financial Management information systems (*EPICOR/PLANREP*)
 3. Cash management (*PFR 2001 Part XIII*)
 4. Checks and balances (*PFR 2001 Part II & III, LAFM 1997 Part III*)
 5. Personnel and Salary systems (*PFR 2001 Part XI(d), LAAM 1990*)
 6. Procurement processes (*Public Procurement Act 2001 & 2004, Regulations*)
 7. Financial reporting processes (*PFR 2001, LAFM 1997, LAAM 1990*)
 - NB There are multiple reporting processes at all levels, especially for LGAs

3.2 Activity Key Role Players



- Why should each of the following role players participate in the expenditure management process?
 - Minister/Political Head of MDA
 - Administrative Head of MDA (Also called Accounting Officer) or Permanent Secretary for Ministries or Council Director for districts
 - Line Managers or Heads of Department
 - Audit Committee
 - External Auditor (Controller and Controller and Auditor General)
 - Treasury of Ministry of Finance and Economic Affairs
 - Council/ Parliament Oversight Committee
 - Civil society organisations and interest groups

3.3 Information requirements

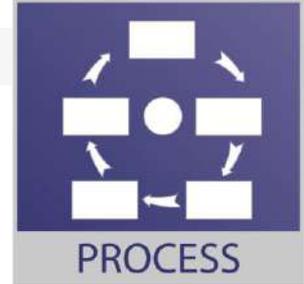


- The following information should be produced:
 - Adjustments/Supplementary Budget (if final budget differs from initial appropriation)
 - In-year financial reports (including monthly, quarterly and mid-year reports)
 - Year-end financial reports (annual financial statement)
 - Reports on:
 - Transfers/disbursements
 - donor support expenditure
 - state-owned enterprises/ parastatals
 - government debt
 - capital investment and maintenance expenditure
 - unauthorised, fruitless and wasteful and irregular expenditure
 - human resource expenditure
 - Supporting documentation (invoices, receipts, journal entries)
 - Reports by internal audit unit and audit committee
 - Reports by Supreme Audit Institution
- This information should be publicly available

Tanzanian Documents to be publicly available

- All Tanzanian MDAs and regional secretariats must make available to the general public an Annual Report including:
 - Overall budget strategy
 - Nature and objectives of each main programme
 - Assessments for outputs and performance against objectives
 - Summary for financial results for the fiscal year or the report
 - Plans for the following year, as approved by Parliament
 - Provisional plans for the 2 subsequent years.

Source: Public Finance Regulations (PFR) Part III Reg.(8)(5)
- Look at Order 90 of the LAFM of 1997. What does it say? Is it consistently adhered to in the local council where you live?



3.4 Expenditure Management Timeline

- Expenditure management processes differ from country to country.
- However, there are basic necessary requirements for effective expenditure management
- The following 2 diagrams represent the expenditure management process in Tanzania.
 - The first diagram outlines the steps, role players and outputs of the EM process at central government
 - The second diagram shows the steps, role players and outputs of the EM process at the district/municipal council level.

Legend For Process 2 Diagram

Dark Blue

- Documents produced during the process at the national level

Light Blue

- Documents produced during the process at sub-national level.

White

- Steps in the Performance Management process at national level.

Grey

- Steps in the process at sub-national level.

Red

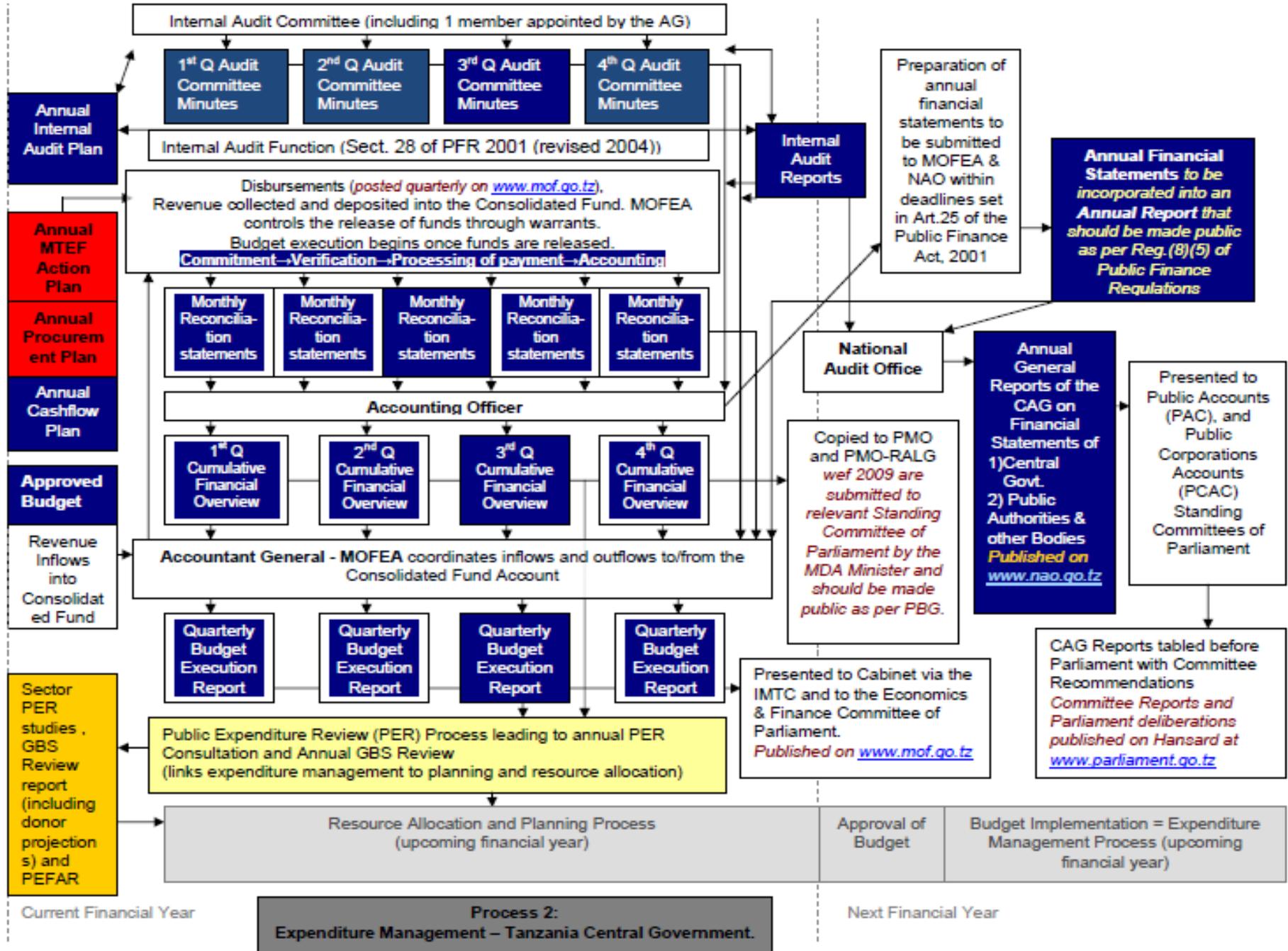
- Anything relating solely to Strategic Planning.

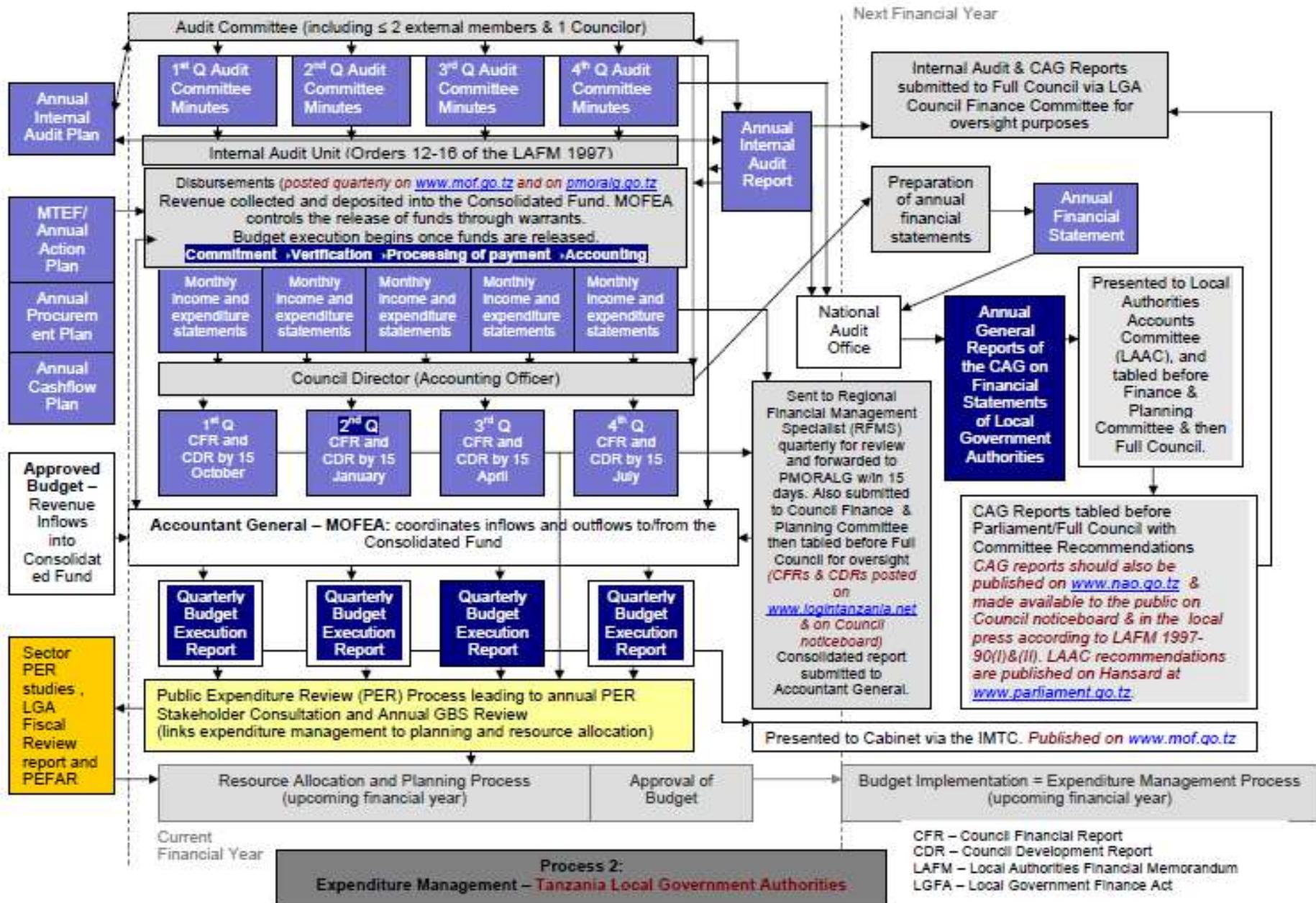
Yellow

- Parallel processes (either political or funding-related) that perform functions related to this process

Orange

- Documents produced through parallel processes (either political or funding-related) that perform functions related to this process





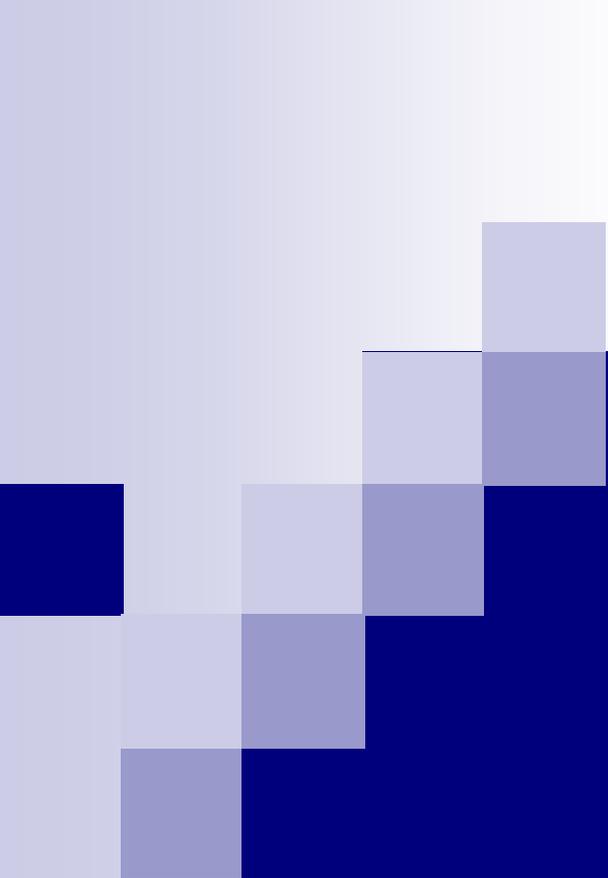
Session 7

What we have covered so far:

1. What is Expenditure Management?
2. Why Monitor Expenditure Management?
3. Expenditure Management in Tanzania

Still to come:

4. What to look for financial documents



Part 4

What to look for in financial reports

Supreme Audit Institutions

■ Role of the Supreme Audit Institution (SAI)

- Responsible for auditing government financial statements
 - To determine whether expenditure management has been in compliance with relevant laws and regulations.
 - To express an *opinion* on whether those financial statements accurately represent the state of affairs in the audited institution.
- SAIs often have access to documents and information otherwise inaccessible to the wider public.
- SAI reports are therefore often most reliable source of information on LGA's expenditure management.
- This depends on SAI rigour and degree of independence.
- Reports produced by the SAI should assist the public to answer questions on EM documentation

Supreme Audit Institutions

- There are five types of audit opinion that can be issued:
 - An unqualified audit opinion
 - An opinion 'with emphasis of matter'
 - A qualified audit opinion
 - An adverse audit opinion
 - A disclaimer of opinion

Supreme Audit Institutions

■ Unqualified audit opinion

- The financial condition, position, and operations of the institution being audited are accurately and completely presented in its financial statements.
- An unqualified audit opinion indicates that
 - The Financial Statements have been prepared using the Generally Accepted Accounting Principles (GAAP) which have been consistently applied;
 - The Financial Statements comply with relevant legal requirements and regulations;
 - There is adequate disclosure of all significant matters relevant to the proper presentation of the financial information
 - Any deviations from GAAP and their implications are disclosed in the Financial Statements and adequately justified.

Supreme Audit institution

- An audit opinion with emphasis of matter
- ‘Emphasis of matter’ clause does not change the opinion given.
- It simply raises caution that, in the auditor’s judgment, there are matters of such importance that they are fundamental to users’ understanding of the financial health of the institution, and therefore these matters must be highlighted.
- In such cases the auditor will include an “**emphasis of matter**” paragraph immediately following his/her opinion.
 - In an unqualified opinion with ‘emphasis of matter’, the emphasis of matter’ section will often begin with the phrase ‘Without qualifying my opinion’
 - meaning that the identified issues of concern are not so severe that a qualified opinion is warranted.

Supreme Audit Institutions

■ Qualified opinion

- The auditor encountered one of *two types of situations* which do not comply with **generally accepted accounting principles** (GAAP), even though the rest of the financial statements are accurately presented:
 1. One or more areas of the financial statements do not conform with GAAP, but do not affect the rest of the financial statements from being fairly presented when taken as a whole.
 2. The auditor could not audit one or more areas of the financial statements, and although they could not be verified, the rest of the financial statements were audited and they conform with GAAP.
- Look for: “...**except for**”

Supreme Audit Institutions

■ Adverse opinion

- The financial statements of an institution being audited are materially misstated and, when considered as a whole, do not conform with generally accepted accounting practice.
- The information contained financial statements is significantly incorrect, unreliable, inaccurate and cannot be used to accurately assess the institution's financial position nor the results of its operations.
- Look for: **“do not fairly represent”**

Supreme Audit Institutions

■ Disclaimer of opinion

- The auditor could not form, and consequently refuses to present, an opinion on the financial statements.
- Situations where a disclaimer may be issued:
 - A lack of independence, or material conflict(s) of interest, exist between the auditor and the auditee (SAS No. 26)
 - There are significant scope limitations, whether intentional or not, which hinder the auditor's work in obtaining evidence and performing procedures (SAS No. 58);
 - There is a substantial doubt about the auditee's ability to continue operating (SAS No. 59)
 - There are significant uncertainties within the auditee (SAS No. 79).
 - *Statements on Auditing Standards (SAS)*
- Look for: **“I do not express an opinion”**.

Supreme Audit Institutions

Audit opinions

- The audit terms used in SAI opinions are counter-intuitive.
- “Qualified” is generally assumed to have positive implications, to indicate possessing qualities or accomplishments. e.g. A medical doctor.
 - This could mislead us to assume that a Qualified Opinion reflects well on an LGA.
- However, here the term “qualified” has a different meaning here, with less positive implications.

“Qualified” implies having reservations, being limited.
- A Qualified Opinion: ‘I have reservations and concerns about these financial statements’.
- An Unqualified Opinion: ‘I have no reservations about these financial statements, everything looks in order to me’.

Working with Supreme Audit Institution's Reports



- **Read the SDC CAG Report for the year ending 30 June 2010. and answer the following questions:**
 - What was the CAG's opinion of the financial statements of the Siha District Council?
 - What does it mean?
 - How is this different from a Qualified Opinion?

Evaluating financial reports

Reporting best practices

- The format, presentation and contents of financial reporting documents will differ between countries and LGAs/sectors
- However, reporting best practices include a range of fundamental aspects which should be contained in financial reports
- Reports can be measured against local and international best practice

Evaluating financial reports

In-year Reporting

- Monthly Financial Reports generally contain the following information:
 - Actual revenue and expenditure (by programme) for the month and for preceding months
 - Performance in implementing service delivery plans
 - Projections of revenue and expenditure until the end of the year
 - Information on the spending on additional allocations and/or donor funds and the extent of compliance with any conditions imposed
 - Information on all transfers
 - An explanation of any material variances and a summary of steps that are taken to ensure that the projected expenditure and revenue remain within the budget
 - Information contained in monthly reports should feed into ***quarterly budget execution reports***.

Evaluating Financial Reports



Year-end reporting

- Year-end financial reports should contain the following information:
 - adjustments to the original budget
 - comparative information on the level of revenue and expenditure
 - non-financial performance related information for the preceding year
 - a comparison of performance targets and actual results achieved
 - Justifications and explanations for all instances where the LGA did not comply with legislation or financial regulations
- Tanzania first adopted IPSAS cash accounting for central govt and IPSAS accruals accounting for local govt in 2004. These standards have been in full implementation since 2009.
 - Information on IPSAS can be found at www.ipsas.org

Evaluating financial reports

Tanzanian Performance Reporting Requirements

Medium Term Strategic Planning and Budgeting Manual (pp. 62-66)

- Quarterly
 - First and Third Quarterly Progress Summaries, submitted in the form of a matrix – should include ‘targeted’ cost and ‘actual’ cost of activities
 - Unclear whether ‘target’ is the approved budget or amended budget or received funds
 - Mid-year performance report
 - Shorter and simpler version of the Annual Performance Report
- Year-end
 - Annual Performance Report
 - Chapter 3 should include an expenditure report which should present expenditure as compared to budgets
 - All budgetary information should be derived from IFMS
- Also valuable to source the templates for financial reports and their related instructions from <http://logintanzania.net/documents.htm>.

Evaluating financial reports



Tanzanian Financial Reporting Requirements

LGAs are required to comply with IPSAS – accrual basis of accounting in submitting their ***annual financial statements***.

These must include:

1. A statement of financial position
2. A statement of financial performance
3. A statement of changes in net assets/equity
4. A cashflow statement
5. A statement of comparison of budget against actual amounts
6. Notes to the financial statements
7. Any required supplementary information

Examine the SDC CAG report for 2009/10. Does it comply with the above reporting requirements?

Where to find SDC Health Spending Information

Budget information we have for the Health Sector:

- Allocations by cost centre – MTEF Plan and Budget
- Recurrent
 - Block Grant OC – p.70-73
 - Block Grant PE – p. 190, 193, 200-203
 - Basket Fund – p.79-84, 113-117
- Development
 - Joint Rehabilitation Fund – p.155
 - TASAF – p.159
 - World Bank – p.168-171
 - UNICEF 177-182
- CCHP Costings
 - Summary p.ix
 - Cost analysis p.40-56

Where to find SDC Health Spending Information

Expenditure information from CCHP 4th Qt Report:

- Disbursed Funds – CCHP 4th Quarter Report
 - Summary – p.14
- Expenditure – CCHP 4th Quarter Report
 - Breakdown by cost centre – p.15
 - Breakdown by activity – p.7-13

Council Financial and Physical Report for Development Expenditure on Health

- Disbursement and Expenditure information for Health – DP385-DP391
- (NB The SDC document we have is for a different financial year but is highlighted here so that SAM practitioners know what to ask for and where to look for relevant information).

Annual Report of the CAG

- Audited financial statements p.21-31

Monitoring Expenditure Management

- A rights-based approach to monitoring expenditure management would at a basic level ask the following questions of EM documentation:
 1. Did the LGA spend its budget allocation and, where it did not, did the LGA provide adequate explanations for all over or under expenditure?
 2. Did the LGA follow proper payment procedures and implement proper financial controls over its spending of public funds in all instances?
 3. Did the LGA use available resources for their intended purpose?
 4. What are the implications of the LGA's spending for the progressive realisation of the human rights and needs of those it serves?

Evaluating financial reports



■ Evaluating Expenditure

- Expenditure can be measured against:
 - Original allocations
 - Adjusted allocations
 - Disbursements
 - Previous years' allocations and expenditure
- Did the spending unit receive its total budget allocation?
- Did it spend its budget allocation (overall and for each main division within the budget)?

Siha District Council Expenditure



Refer to the audited financial statements in the SDC CAG Report

- How much did SDC spend on wages, salaries and employee benefits in 2009/10? [REDACTED]
 - Describe spending as a percentage of the amended budget for this line item. [REDACTED]
 - Describe spending as a percentage of the original budget for this line item. [REDACTED]
 - Describe wage bill spending as a percentage of total spending during 2008/09 and 2009/10. [REDACTED]
- Compare the original and final budgets on wages and salaries in 2009/10 with actual spending on wages, salaries and employee benefits in 2008/9.
- What does all this tell us about the way in which the SDC wage bill has been managed during the last couple of years?
- What impact is this likely to have on HRH?

Evaluating financial reports



- **Evaluating explanations and justifications provided for expenditure**
 - Spending units should not over/under spend their budgets. Where any variance exists between the original budget allocation and expenditure, adequate explanations and justifications must be provided.
 - Where spending differed from its original allocation, did it provide adequate explanations and justifications?

Evaluating financial reports



- **Evaluating explanations and justifications provided for expenditure**
- Refer to The SDC MTEF – page 155.
 - What was the activity to be implemented under the Joint Rehabilitation Fund?
 - How much was allocated towards this activity?
- Now refer to the 4th Qt CCHP Report
 - Does the budget allocation correspond with that in the MTEF?
 - How much was received from the fund?
 - Can you find the related activity in the quarterly progress and financial report table? What was the progress on this activity?
 - Is there an explanation for the status of this activity? If so, what is it?

Evaluating financial reports



- **Evaluating explanations and justifications provided for expenditure**
- Refer to page 46 of the Revised Councillors' Report and Financial Statements for SDC.
 - How much did the SDC receive for *Primary Health Services and Cleansing*?
 - How much was spent on *Primary Health Services and Cleansing*?
 - How much did SDC receive for *Human Resource Management and Development*?
 - How much was spent on *Human Resource Management and Development*?
 - Is there any explanation in the report for your findings?

Evaluating financial reports



- **Over expenditure**
- Expenditure which exceeds the amount appropriated for a vote or a main division within a vote
- If the Legislature does not approve over expenditure, the spending unit may have to repay the amount from its allocation in the following financial year
- Reasons for over expenditure
 - Improperly costed strategic plan (rendering the institution unable to adjust its plan in relation to its actual allocation)
 - Poor planning
 - Failure to implement proper financial controls
 - Poor financial management (outdated personnel and salary system (PERSAL); inaccurate financial reporting, etc.)

Evaluating financial reports



■ Over expenditure

- Does not necessarily mean improved service delivery – it is incorrect to assume that more money spent translates into the provision of more services
 - Indicative of poor financial management and, often, poor service delivery
 - Must justify why resources were overspent
 - Must undertake corrective action
- LGAs must account for over-spending, providing proper justifications and explanations. They must also undertake corrective action to ensure that future spending does not exceed the relevant appropriation.

Evaluating Financial Reports



■ Under expenditure

- The failure to spend allocated funds in the financial year
- Reasons for under expenditure
 - Lack of capacity to spend
 - Inappropriate timing of disbursements (eg. fiscal dumping)
 - Failure to align planned activities with allocated resources (
- Legitimate under expenditure:
 - Disbursed funds were received towards the end of the year and there was not enough time to implement planned activities
 - LGAs over-estimated costs in planning
 - LGAs able to deliver services more cost effectively
 - Fluctuations in exchange rate

Evaluating Financial Reports



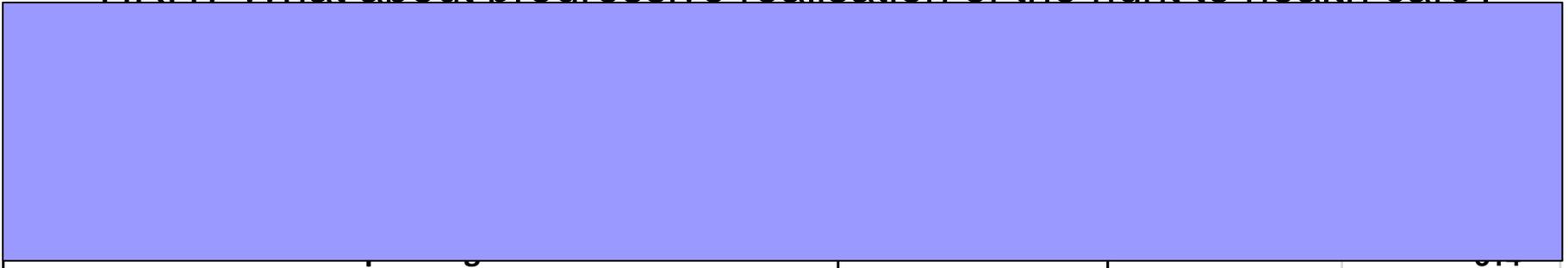
- Impact of underspending:
 - A failure to fully implement strategic plans
 - Typically results in poor/reduced service delivery
 - Failure to fulfil obligation to realise rights within available resources
 - Funds are allocated to fulfil strategic plans - failure to spend
 - Must justify why available resources were not used effectively
 - Future resource allocation
 - Automatically reduces future allocations in performance budgeting systems
 - Unused money holds back service delivery in another critical area

Siha District Council Expenditure



Refer to the SDC Audited Financial Statements, CAG Report – p.11-24

- How much did SDC receive in 2009/10 in total?
 - Describe this as a percentage of the amended budget
 - Describe this as a percentage of the original budget
- How much did SDC spend on primary health in 2009/10 in total?
 - Describe primary health spending as a percentage of the amended primary health budget
 - Describe primary health spending as a percentage of received funds
 - Describe primary health spending as a percentage of the original primary health budget
- What does all this mean?
- Did the above affect the management of HR in SDC? What about HRH? What about progressive realisation of the right to health care?



Evaluating financial reports



■ Expenditure in accordance with the Vote

- Financial reports must always indicate whether expenditure was made in accordance with the purposes for which it was allocated
- Failure to spend according to the activities and plans to which the budget was awarded undermines the accountability cycle and undermines democracy by making the vote of the legislature on the budget redundant.
- The Accounting Officer (= Council Director at LGA level) is responsible for ensuring that LGA expenditure is in accordance with the vote and the main divisions therein and should be held to account where it does not
- Did the MDA or LGA use available resources for their intended purposes?

Evaluating financial reports



Did the MDA or LGA use available resources for their intended purposes?

Refer to the CAG Report for Siha District Council.

- Is there is there anything in the report that can help to answer the above question for SDC?
- Compare point 5 on the Emphasis of Matter section (page 8) with the content of Table 8 (pages 15 and 16) of the CCHP.
- Do your findings tell you anything about the inter-dependence among the five processes?

Evaluating Financial Reports



- **Expenditure in accordance with the Vote**
 - Responsibility of Accounting Officer
 - Financial reports must always indicate whether expenditure was made in accordance with the purposes for which it was allocated
 - Failure to spend according to the activities and plans to which the budget was awarded undermines
 - Accountability cycle
 - Democracy by making the vote of the Legislature redundant
- **Unauthorised expenditure**
 - (a) overspending of a vote or a main division within a vote
 - (b) expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division
- **Fruitless and wasteful expenditure**
 - Expenditure made in vain
 - Would have been avoided had reasonable care been exercised

Evaluating Financial Reports



- **Expenditure in accordance with the Vote**
 - **Did the MDA/LGA use available resources for their intended purposes?**
 - **Did the MDA/LGA incur any unauthorised expenditure?**
 - **Did the MDA/LGA incur any fruitless and wasteful expenditure?**

Evaluating financial reports



Expenditure in accordance with the Vote

Refer to pages 17 and 18 of the LAFM. Compare this with the findings in the SDC CAG report, particularly in relation to the wage bill.

- Did the MDA/LGA use all available resources for their intended purposes?
- Was all expenditure properly authorised?
- Did the MDA/LGA incur any fruitless and wasteful expenditure?
- To what extent is this consistent with the 'principles of expenditure management' discussed in Part 3 of this session?
- What are the implications of this on service delivery and accountability in public spending?

Virements



- A virement is the transfer of resources from one financial account to another within a financial year; it often involves the transfer of a surplus in one account to cover a deficit in another.
- LGAs may find that they can avoid overspending in one programme or line item by realising a saving under another programme or line item and transferring that saving across line items.
- Virements should be governed (and limited) by strict legislation and should be reported on in publicly available reports, such as an adjustments budget.
 - Did the LGA accurately report all virements?
 - Did the LGA provide justifications and explanations for all virements made during the financial year?

Evaluating financial reports



Virements

Refer to pages 17 and 18 of the LAFM. Pay particular attention to the rules relating to virement at the LGA level?

- To what extent were these rules adhered to in the SDC during 2009/10?

Evaluating financial reports



■ Compliance with financial controls

- The absence of over/under spending does not necessarily indicate effective expenditure management
- Expenditure must be *effectively* spent, not merely spent
- Expenditure must be made in compliance with
 - Financial controls
 - Legislation and regulations
- Did the LGA follow proper payment procedures and implement proper financial controls over its spending of public funds in all instances?

Evaluating financial reports



Compliance with financial controls

Did the LGA follow proper payment procedures and implement proper financial controls over its spending of public funds in all instances?

- Refer to pages 31 and 32 of the LAFM. Compare what you read with point 4 of the Emphasis of Matter section in the SDC CAG report,
 - Why is it important to deposit revenue collected in the bank?
 - What are the implications of failing to do so for accountability and service delivery?

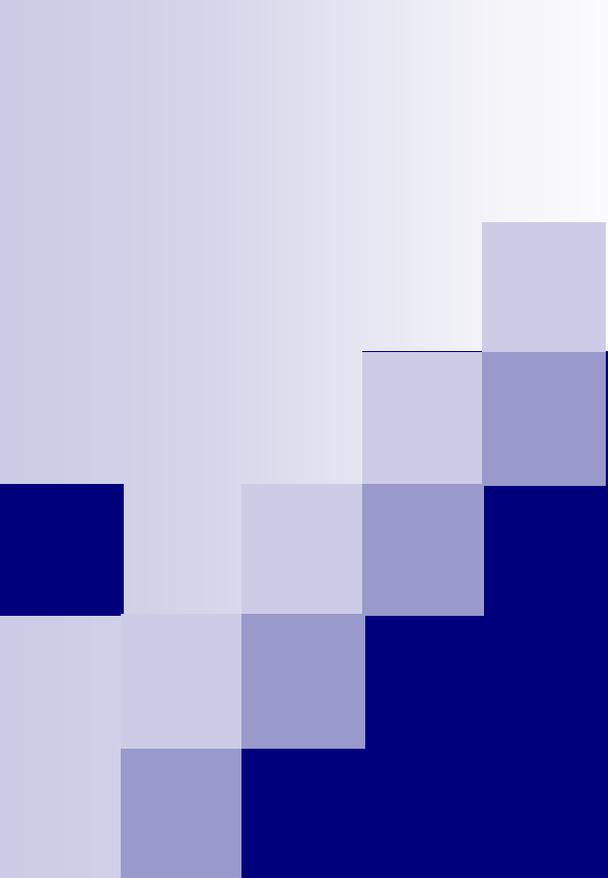
Evaluating financial reports

- The most important question to ask once the MDA's expenditure management process has been evaluated is:
 - What are the implications of this spending for the progressive realisation of the human rights and needs of those that it serves?

Session 7

What we have covered in this session

1. What is Expenditure Management?
2. Why Monitor Expenditure Management?
3. Expenditure Management in Tanzania
4. What to look for financial documents

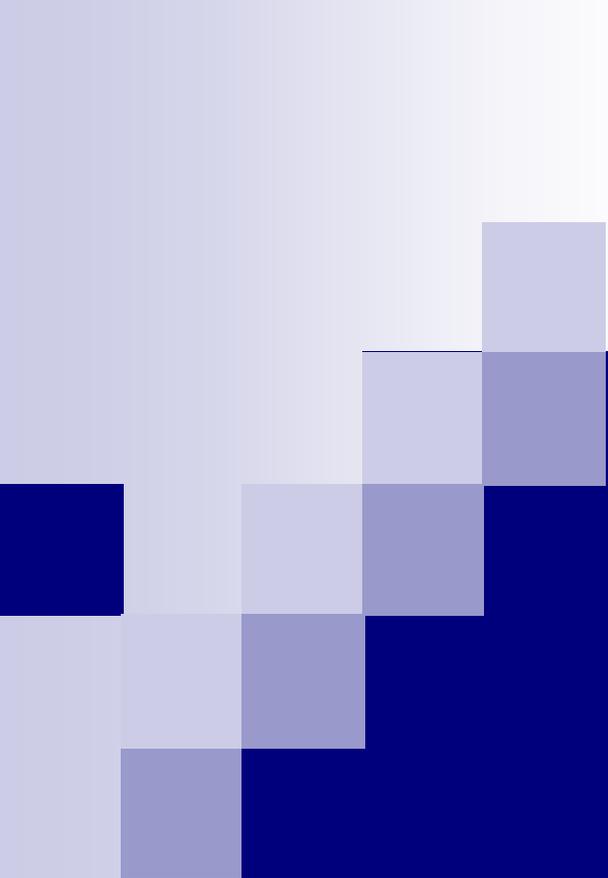


Session 8

Introduction to Performance Management

Session 8

- **Session 8 consists of four parts:**
 1. What is Performance Management (PM)?
 2. Why Monitor Performance Management?
 3. Performance Management in Tanzania
 4. What to look for in performance reports



Part 1

What is Performance
Management?

What is Performance Management?

- “Performance management is an ongoing, systematic approach to improving results through evidence-based decision making, continuous organizational learning, and a focus on accountability for achieving ...improved results for the public.”
 - *Source: National Performance Management Advisory Commission
-An association of 11 North American Public Sector Organisations.*

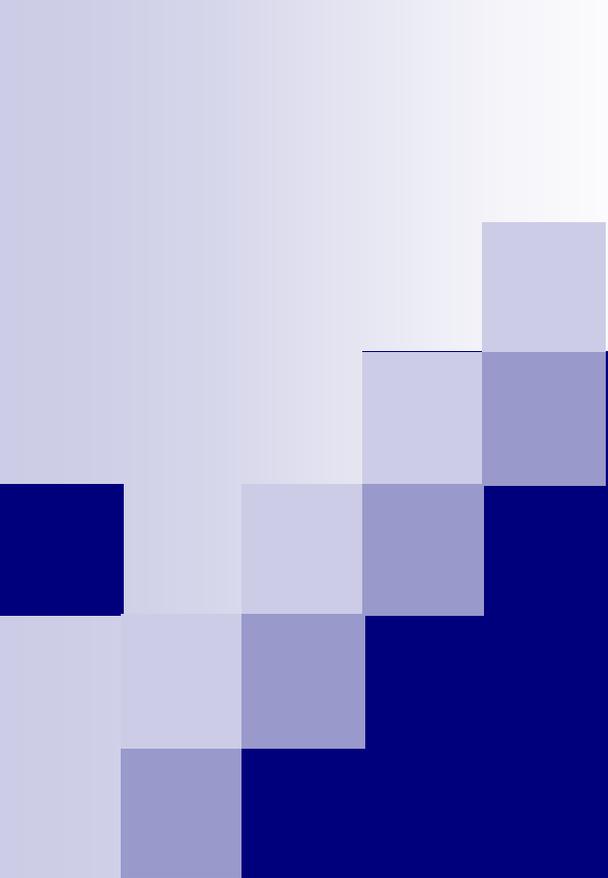
What is Performance Management?

- **Human needs** are prioritised by setting **policies** which articulate the commitment by a government to transform a human need into a capability to address that need.
- **Strategic planning** sets out a roadmap for how to get from the policy decision to the delivery of a service that will enable the need to be addressed.
- **Resource allocation** serves as a link between what is needed to deliver a service and the resources available to address this need.
- **Expenditure management** is the management, distribution and spending of allocated financial resources to procure goods and services that will deliver the intended policy objectives.
- **Performance Management** is the management and use of resources available to government to deliver services as per the strategic plan in the most efficient, effective and economic way possible so as to progressively realise socioeconomic rights.

What is Performance Management?

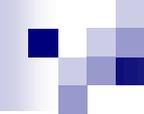
We evaluate the Performance Management process by assessing the outputs of the process.

- Performance Management **documents**
 - Internal
 - In-year financial and performance reports
 - Year-end financial and performance reports
 - Internal Audit and Audit Committee reports
 - External
 - Supreme Audit Institution reports
 - Standing Committee minutes and reports



Part 2

Why Monitor Performance Management?



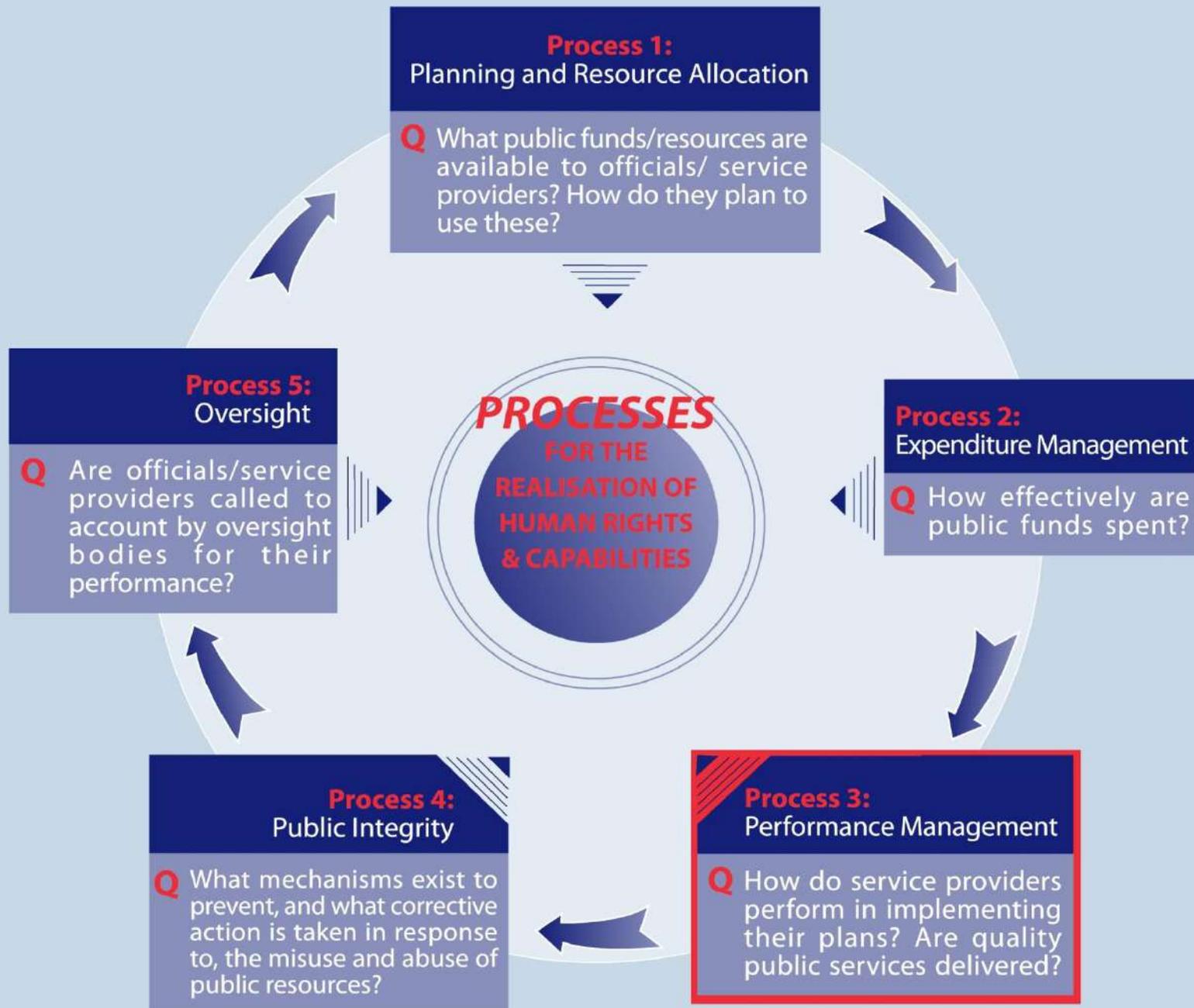
2. Why Monitor Performance Management?

- 2.1 A rights-based approach to evaluating Performance Management
- 2.2 Performance Management and the right to social accountability
- 2.3 Performance Management within a SAS monitoring approach

2.1 A rights-based approach to evaluating Performance Management

- **All citizens have rights** which are guaranteed in the domestic, regional and international commitments signed up to by the state.
- The state has the obligation to address a range of needs which will give citizens the capability to access **the progressive realisation of their rights within available resources**.
- An accountable state addresses these needs through **five public resource management processes**. Performance Management is *Process 3* within the Public Resource Management Framework.
- The **right to social accountability** asserts:
 - a) that every state is obliged to ***justify and explain*** its decisions and actions in this regard to its citizens as a matter of course and to take timely **corrective action** where weaknesses are identified.
 - b) that all citizens have the right to demand these ***justifications and explanations*** and **corrective action** from the state when it fails to provide them adequately.

The Social Accountability System



2.3 Performance Management within a SAS monitoring approach

Strategic Planning and Performance Management

- Performance management begins during the strategic planning process.
 - Setting of goals, objectives and indicators
- Performance monitored against the objectives, activities and service delivery commitments set out in strategic plan
- Performance Management is the process for managing the implementation of strategic plans. If strategic planning is poor, performance monitoring will also be poor and service delivery will be ineffective.
 - Strategic plans must clearly articulate how performance will be measured
- Failure to monitor prevents the feedback of performance information into the strategic planning and budgeting process for following financial years
- Failure to take past performance into account when drafting budgets and plans for upcoming financial years prevents MDA/LGAs from improving their budgets and plans and, therefore, the quality of the services they deliver. (Past performance issues often indicate systemic issues repeated year on year.)

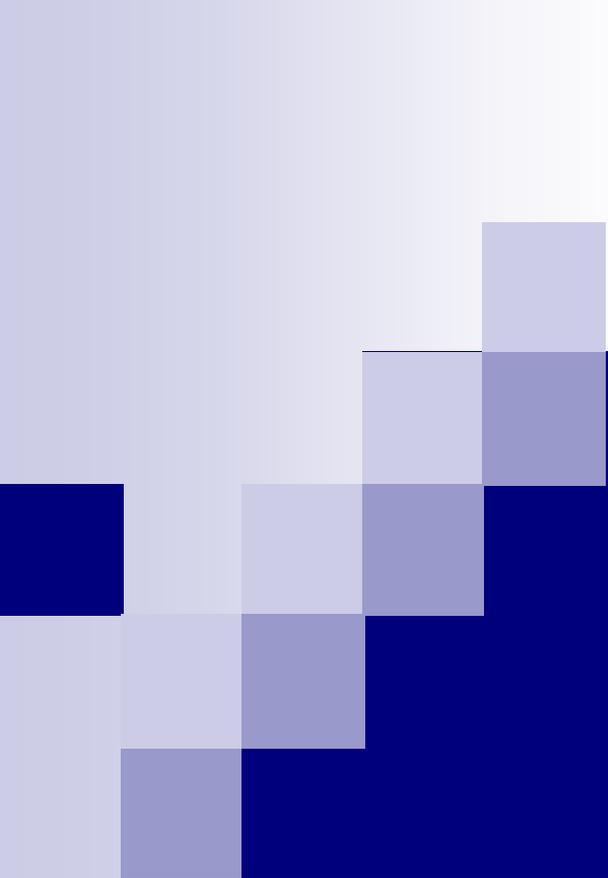
2.3 Performance Management in a social accountability system

Resource Allocation and Performance Management

- Service delivery cannot be achieved without sufficient resources.
- If the budget does not allocate resources to all activities in the strategic plan, this will have an adverse effect on performance.
- Government institutions that fail to manage performance effectively are in a weaker position when negotiating future budgets.

Expenditure Management and Performance Management

- Poor expenditure management adversely affects performance
 - Late or unpredictable disbursements, poor internal controls, corruption, etc.
- A failure to manage performance may result in over- or under- expenditure.
- All money spent should relate to specific performance objectives. Money spent that does not relate to the achievement of performance objectives shows serious weakness in the systemic environment which can lead to incidents of wasteful expenditure.



Part 3

Performance Management in Tanzania

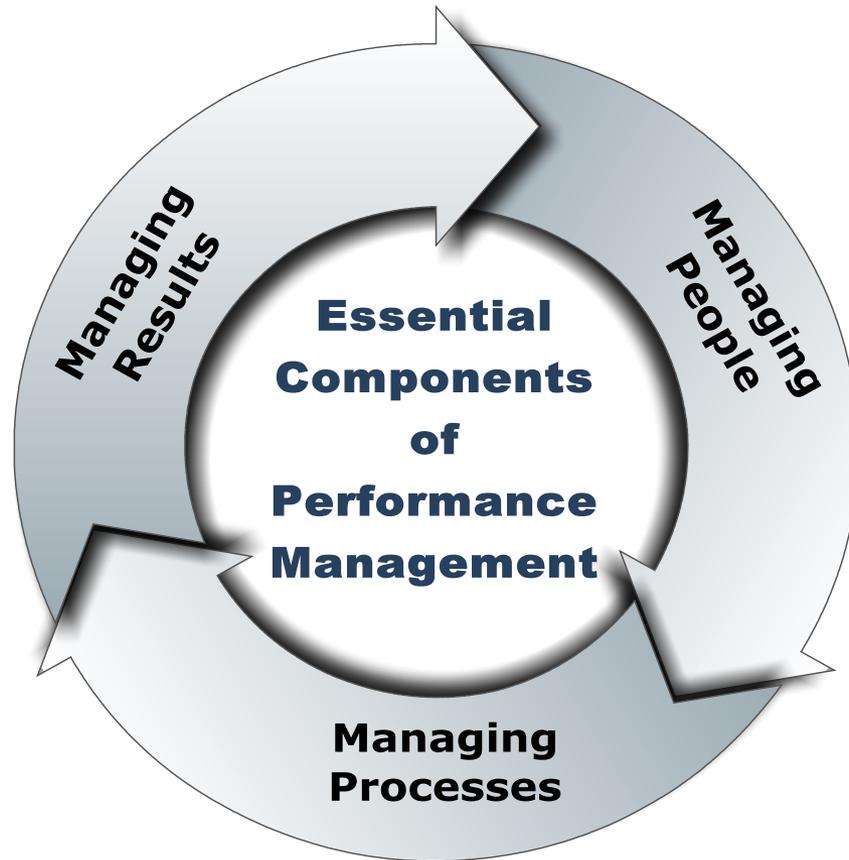
Performance Management in Tanzania

- 3.1 General requirements
- 3.2 Key role-players
- 3.3 Information outputs
- 3.4 Performance Management timeline

Performance Management

- Three fundamental challenges of government that performance management should address:
 - The need to focus a government institution on achieving results that are important to its citizens.
 - The need to improve results within a resource constrained environment.
 - The need to gain and keep the public's trust and confidence.

General Requirements



Performance Management

Performance Management is essentially about 3 things:

1. Managing People

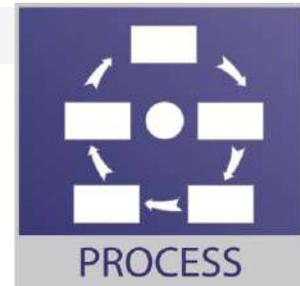
- Since performance is about 'doing', making sure that the right people are in the right jobs doing the right things becomes an essential component of success.

2. Managing Processes

- Process management is essentially about what is done. In strategic planning it is assumed that if one does what is planned, the destination will be optimally reached. The process of implementing what is planned and monitoring what is done to ascertain whether one is on track to the desired destination is the second essential component of performance management. Process management also identifies potential obstacles to achieving optimal results and takes measures to ensure that they are neutralised.

3. Managing Results

- Doing is never an end in itself. It is what is achieved by doing that is the ultimate prize. It is therefore important to continually improve what is done to ensure that optimal results are achieved.



3.1 General Requirements

1. Human Resources Performance Management

- Effective Recruitment and Retention Strategy
- Performance Management System

2. Internal Control Environment

- Effective risk management

3. Performance Reporting

- Internal reports
- External reports

4. Monitoring service delivery

- Community/beneficiary satisfaction
- Economy and Efficiency

3.1 General Requirements – Managing People

Human Resources Management

- Without human resources, MDA/LGAs unable to operate effectively, implement strategic plans and deliver services
 - Dependent on capable and skilled staff across all levels
- Essential to operate with a well-managed and fully capacitated staff complement.
- Effective human resource management involves:
 - Effective recruitment and retention strategies
 - Implementing human resource management systems to monitor and improve the performance of staff
- Poor human resource management negatively impacts service delivery and, therefore, the realisation of people's rights.

3.1 General Requirements – Managing People

Human Resources Management

Effective Recruitment and Retention Strategy

- High vacancy rates place enormous strain on existing employees and the MDA/LGA's ability to deliver services
- If the MDA/LGA fails to fill existing posts:
 - the attrition rate of the MDA/LGA is likely to increase
 - filling vacant posts becomes a greater challenge
- An MDA/LGA should report on:
 - Vacancy rates
 - Attrition rate (loss of staff)
 - Expenditure on training
- In TZ the recruitment function is coordinated through POPSM, although ultimate responsibility rests with Appointing Authorities as elaborated in the Public Service Regulations 2003.

Filling a Vacancy in the Tanzanian Government

If Vacancy through attrition

Post becomes vacant

Employer requests for approval to refill (through permit from PO-PSM)

PO-PSM approves permit

to OPEN RECRUIT process step

If Vacancy through New Post

Employer prepares 3 year management HR plan

Employer prepares annual PE budget

PO-PSM approves budget

Budget submitted to parliament

list of funded vacancies obtained

Employer applies for permit from PO-PSM

PO-PSM reviews permit

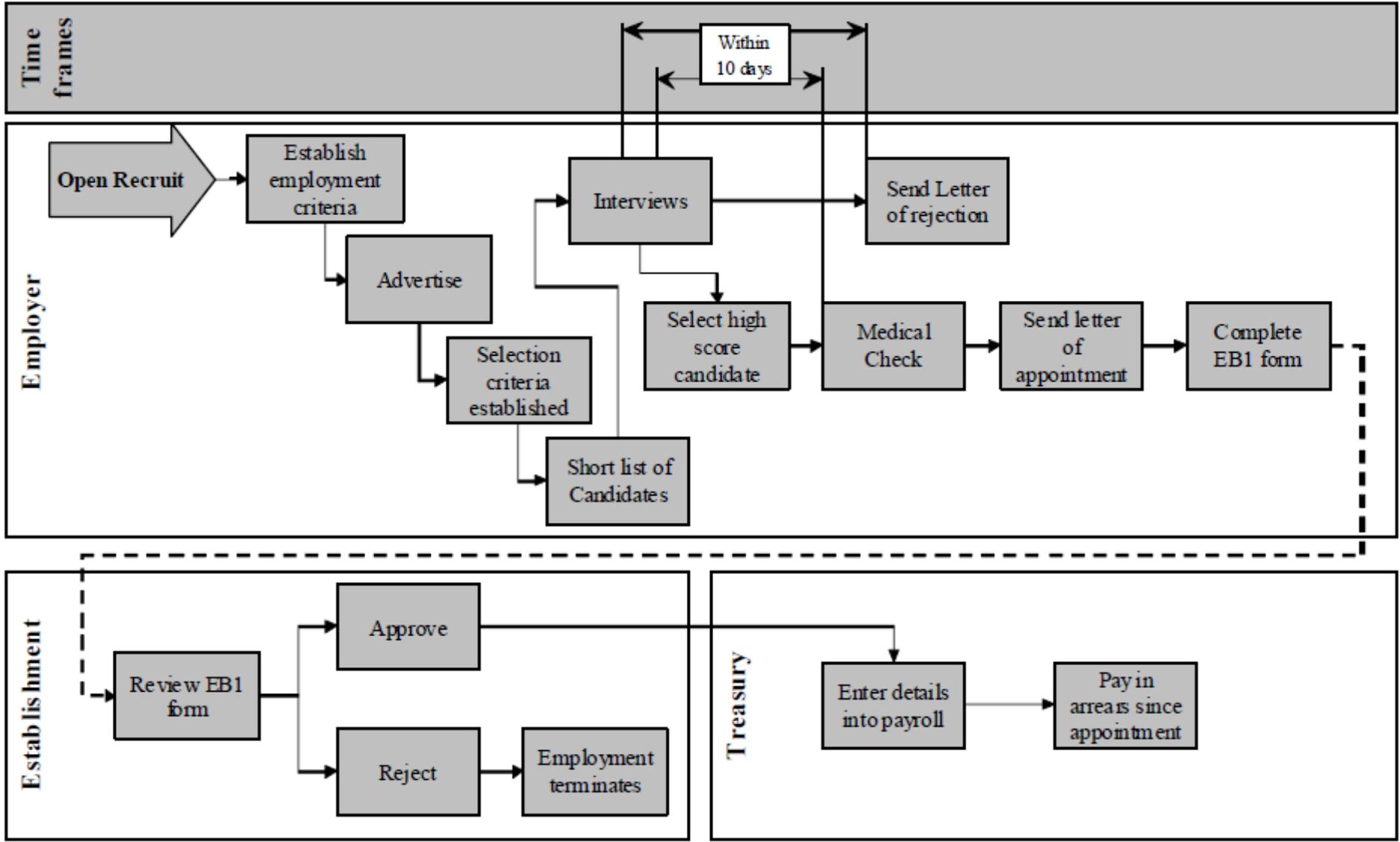
Chief Secretary reviews PO-PSM recommendations

PO-PSM send letter of notification regarding permit

to OPEN RECRUIT process step

Recruitment Process

Open Recruit



3.1 General Requirements in Tanzania – Managing People



Read Chapter 4 of the Compliance Inspection Report of 2005 under Session 8 in your files. Review the chart on page 7-3. Examine the process for filling a vacant post in a Tanzanian government institution.

- When a post becomes vacant in an LGA, what is the timeframe within which a request to refill the post must be submitted to PO-PSM? [REDACTED]
- What is the required timeframe within which an Employment permit must be either approved or rejected? [REDACTED]
[REDACTED]
- What should the maximum timeframe be between the last interview date and issuing an offer of appointment? [REDACTED]
[REDACTED]
- What does the report say about compliance with these timeframes? [REDACTED]

3.1 General Requirements – Managing People

HR Performance Management System

■ Performance Agreements

- An agreement signed between a staff member and his/her supervisor to deliver a specified number of job objectives within a specified timeframe.
- Senior managers should sign performance agreements
- Normally cover a one-year period
- Agreements should be explicitly linked to the MDA/LGA's strategic plan and should include:
 - Key duties and responsibilities
 - Output targets for the performance agreement period
 - Dates for the manager's performance review
 - Mechanisms for rewarding performance

■ Performance Appraisals

- Regular evaluation of performance (performance appraisals)
- Rewarding performance should be determined by performance appraisals

3.1 General Requirements – Managing People

1. Performance Management System (OPRAS) *(MTSPBM 6.7 – Page 55, Public Service Regulations Part III, POPSM Circular)*

- **Performance Contracts** All staff at Executive officer level and above should sign performance contracts on an annual basis
 - These agreements should be explicitly linked to the LGA's strategic plan
 - The performance agreements of senior managers should include
 - Their key duties and responsibilities
 - Their output targets for the performance agreement period
 - Dates for the manager's performance review
 - Mechanisms for awarding salary increases

The Performance Management System for Tanzanian government employees is the Open Performance Review and Appraisal System (OPRAS).

3.1 General Requirements – Managing People

Performance Management System (OPRAS) (*MTSPBM 6.7 – Page 55, Public Service Regulations Part III, POPSM Circular*)

■ Performance Appraisals

- Regular evaluation of performance (performance appraisals)
- Salary increases and bonuses should be determined by performance appraisals

■ Reporting on Performance Management

- Plans for performance management should be included in strategic plans
 - Number of performance agreements to be signed, the regularity of performance appraisals, mechanisms set out for addressing inadequate performance, etc
- The LGA must report in its annual report against the strategic plan
 - How many performance agreements were signed, how often performance appraisals were held, etc

OPRA Process flow

June Year 1

Personal information completed on OPRA form

Objectives, Performance Criteria and Resources required are agreed.

These are completed on the OPRA form in ranked order.

December Year 1

Progress towards target objectives set in June recorded.
Any factors affecting progress recorded.

Revised or new Objectives are agreed.

These are completed on the OPRA form in ranked order.

OPRA Process flow

June Year 2

Record progress made against Objectives on the OPRA for Appraisee and Supervisor mark each objective and assign an overall score on the OPRA for

Appraisee and Supervisor mark each general "Attribute for Good Performance" and assign an overall score

These are completed on the OPRA form

Appraisee and Supervisor comment on the whole appraisal and assign an average score the whole appraisal.

Record any recommendations given.

3.1 General Requirements – Managing Processes

2. Internal Control Environment

- Internal controls are systems, processes or measures put in place by an LGA to prevent the mismanagement, misuse and abuse of public resources
- Enable officials to control and monitor the LGA's activities on an on-going basis
- These checks and balances exist to ensure
 - efficient and effective use of available resources
 - achievement of activities and objectives set out in strategic plan
 - compliance with all relevant legislative provisions and regulations
 - effective asset management
 - protection from losses (irregular, fruitless, wasteful expenditure)
 - production of reliable and useful financial and performance reports

3.1 General Requirements – Managing Processes

2. Internal Control Environment

- Managing processes requires that mechanisms are in place to ensure the most efficient, effective and economic service delivery possible.
- Internal controls are systems, processes or measures put in place by an MDA/LGA to prevent the mismanagement, misuse and abuse of public resources
- Enable officials to control and monitor the MDA/LGA's activities on an on-going basis to ensure:
 - efficient and effective use of available resources
 - achievement of activities and objectives set out in strategic plan
 - compliance with all relevant legislative provisions and regulations
 - effective asset management
- Internal controls are critical for both expenditure and performance management.
- *The LAFM of 1997 sets out the Internal Control System for LGAs in Tanzania. Other internal controls are specified in the IPSAS standards.*

3.1 General Requirements – Managing Processes

2. Internal Control Environment

- The internal control mechanisms which combine to create a control environment should include:
 - Cost-effective procurement and provisioning systems
 - Human resource performance management systems
 - Effective internal audit function
 - Segregation of duties and responsibilities
 - Effective risk management
- Internal control environment correlates directly with performance
 - Weak internal controls:
 - Hinder the transparent and efficient delivery of services (financial mismanagement and fraud)
 - Prevent effective expenditure management and performance monitoring
 - Undermine the oversight process

3.1 General Requirements – Managing Processes

2. Internal Controls - Segregation of duties and assignment of responsibilities

- To reduce risk, error, waste, and/or the misuse and abuse of resources, public officials within an MDA must be clearly informed of their responsibilities
- All delegation of responsibility should take place in writing to be legally binding
- Key duties and responsibilities in authorising, processing, recording and reconciling transactions and events should be separated amongst relevant public officials.
- Both the PFR and the LAFM begin with a list of functions to be performed by key postholders with responsibility for internal controls.

3.1 General Requirements – Managing Processes

2. Internal Controls - Risk management

- Risk management identifies and evaluates actual and potential risks facing an MDA/LGA
- A risk is any factor that could hamper or prevent a MDA/LGA from meeting its objectives and effectively delivering service
- The risk management process should entail planning, arranging and controlling activities and resources to minimise the impacts of all risks
- A formal risk assessment should be undertaken at least annually
- Formal risk assessments should identify and evaluate:
 - The nature and extent or impact of major risks
 - The likelihood of major risks materialising
 - The MDA/LGA's strategy and ability to reduce the incidence and impact of major risks that do materialise

3.1 General Requirements – Managing Processes

2. Internal Controls - Risk management

Process

- Risk management identifies and evaluates actual and potential risks facing an LGA
- The risk management process should entail planning, arranging and controlling activities and resources to minimise the impacts of all risks¹ (*MTSPBM section 4.3 page 16*)
- A formal risk assessment should be undertaken at least annually² (*MTSPBM Annex (APR/03)*)
- Formal risk assessments should identify and evaluate:
 - The nature and extent or impact of major risks
 - The likelihood of major risks materialising
 - The MDA's strategy and ability to reduce the incidence and impact of major risks that do materialise

3.1 General Requirements – Managing Processes

2. Internal Controls - Risk management

Role players

- The Accounting Officer is responsible for the entire risk management process and must report on the MDA's risk management
- Risk management must be integrated into the daily activities of all MDA officials
- The Audit Committee, together with the Accounting Officer, should facilitate a risk assessment and evaluate the strategy for managing those risks. This responsibility is detailed in the PFRs.

3.1 General Requirements – Managing Results

3. Performance reporting

- An effective reporting system provides the basis for a monitoring framework
- On-going reports on progress in implementing MDA strategic plans are required to
 - Monitor and manage performance
 - Identify potential risks in expenditure and performance (internal audit function)
 - Advise MDA managers on the effective running of MDA programmes and activities (Audit Committee)
 - Provide justifications and explanations for the use of public resources
 - Enable oversight to engage with the performance management process

3.1 General Requirements – Managing Results

3. Performance reporting

■ Performance information

Performance should be measured

- against the objectives, activities and service delivery commitments outlined in the MDA's strategic plans
- in terms of its efficiency, economy, quality, compliance, effectiveness, and success in progressively realising people's socio-economic rights

■ Performance management information must be:

- accurate, for meaningful decisions and steps to be taken
- timely
- reliable
- clear and unambiguous
- comparable, to ensure that decisions have a baseline
- relevant to each particular manager's area of responsibility

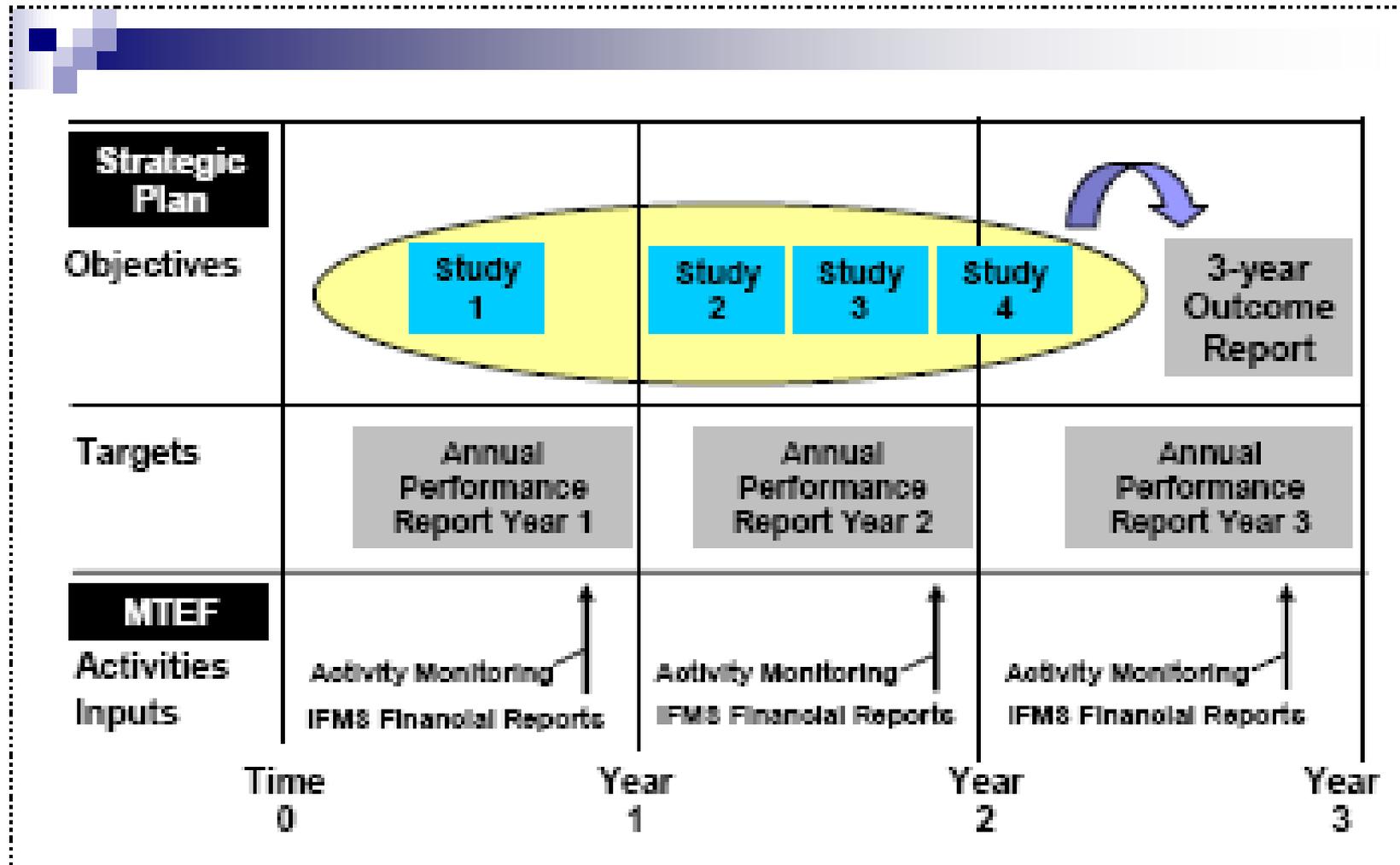
■ Some guidance on the qualities of a good report provided in Sec.7.4.1 of MTSPBM.

3.1 General Requirements – Managing Results

3. Performance reporting

- The annual performance reporting system in Tanzania requires the following MDA/LGA performance reports:
 - *Quarterly Progress Summaries*
 - For an SAS these should include in some way:
 - Performance against budget and service delivery programme plans, including programme specific performance indicators
 - Quarterly financial information
 - Explanations of under or over spending and proposed corrective actions
 - *Mid-Year Performance Report*
 - *Annual Performance Report*
 - For an SAS these should include in some way:
 - An account of the activities of the MDA for the year against the measurable objectives set out for each of the MDA's programmes
 - An account of the MDA's performance against predetermined objectives and activities
 - A report by the MDA's Audit Committee

Reporting Time Frame in Tanzania



3.1 General Requirements – Managing Results

3. Performance reporting

- A reporting system should also include standing committee on performance
- Internal Audit Reports and minutes of the Audit Committee meetings
 - Information on the MDA's internal control environment
 - Quality of in-year financial and performance reports
 - Appraisal of the operation of the MDA's internal audit function
- Report of the Controller and Auditor General
 - Account of an MDA's financial statements and financial management
 - Account of the MDA's internal controls
- Standing Committee report, (www.parliament.go.tz) and MDA/LGA responses
 - Raise internal control and performance management challenges
 - Recommendations
 - MDA responses to recommendations

3.1 General Requirements in Tanzania – Managing Processes



Read Chapter 2 of the report from the Monitoring and Evaluation Unit of the Public Service Reform Programme at the end of Session 8 in your files.

From your own experience and from the SDC documents we have engaged with during this course, how much of what you have read continues to apply today?

What does this say about government compliance with Article 2 of the ICESCR?

3.1 General Requirements – Managing Results

4. Monitoring Service Delivery

- The monitoring of service delivery in an MDA/LGA is critical to performance management

- Key performance areas when monitoring service delivery include:
 - Access to the service
 - Quality of the service delivered
 - Community/beneficiary satisfaction levels
 - Economy and efficiency of delivery process

3.1 General Requirements

4. Monitoring service delivery

■ Economy and Efficiency

■ Measures of economy

- Look at the cost of inputs and mode of production to evaluate whether it is cost-effective
- MDA/LGAs should evaluate whether theirs is the cheapest way of producing the desired outputs.

■ Efficiency

- Measures how productively resources are translated into service delivery
- Any misuse or abuse of expenditure on the part of the MDA/LGA indicates that the MDA/LGA did not make effective, economical and efficient use of its allocated resources

3.3 Key Role Players



- Why should each of the following role players participate in the expenditure and performance management process?
 - Minister, or ‘Proper Officer’ for Regions and LGAs/Political Head of MDA
 - Accounting Officer/Administrative Head of MDA/LGA
 - Heads of Department within MDA or LGA
 - Internal Audit Committee
 - External Auditor (Controller and Auditor General)
 - Ministry of Finance and Economic Affairs
 - Parliament/Full Council/Village Assembly + Relevant Standing Committees
 - Civil society organisations and interest groups



3.4 Information requirements

- The following information should be produced:
 - Quarterly Progress Summaries
 - Mid-year Performance Report
 - Annual Performance Report
 - 3-Year Outcome Report
 - Quarterly Internal audit reports
 - Audit Committee minutes
 - Reports by oversight bodies
 - Performance audit reports (by the Supreme Audit Institution); regularity (financial) audit reports also provide useful performance data.
 - Annual Performance Contracts (for staff at Executive Officer level and above)
 - Mid-year Performance Reviews (for all staff)
 - Annual performance appraisal (for all staff)

3.4 Information requirements

- Performance reports should report against activities and objectives
 - As they appear in strategic plans
 - Explicit correlation between reports and plans
- Reports should include justifications and explanations for any failure of service delivery
- This information should be publicly available.

Legend For Process 3 Diagram

Dark Blue

- Documents produced during the process at the national level

Light Blue

- Documents produced during the process at sub-national level.

White

- Steps in the Performance Management process at national level.

Grey

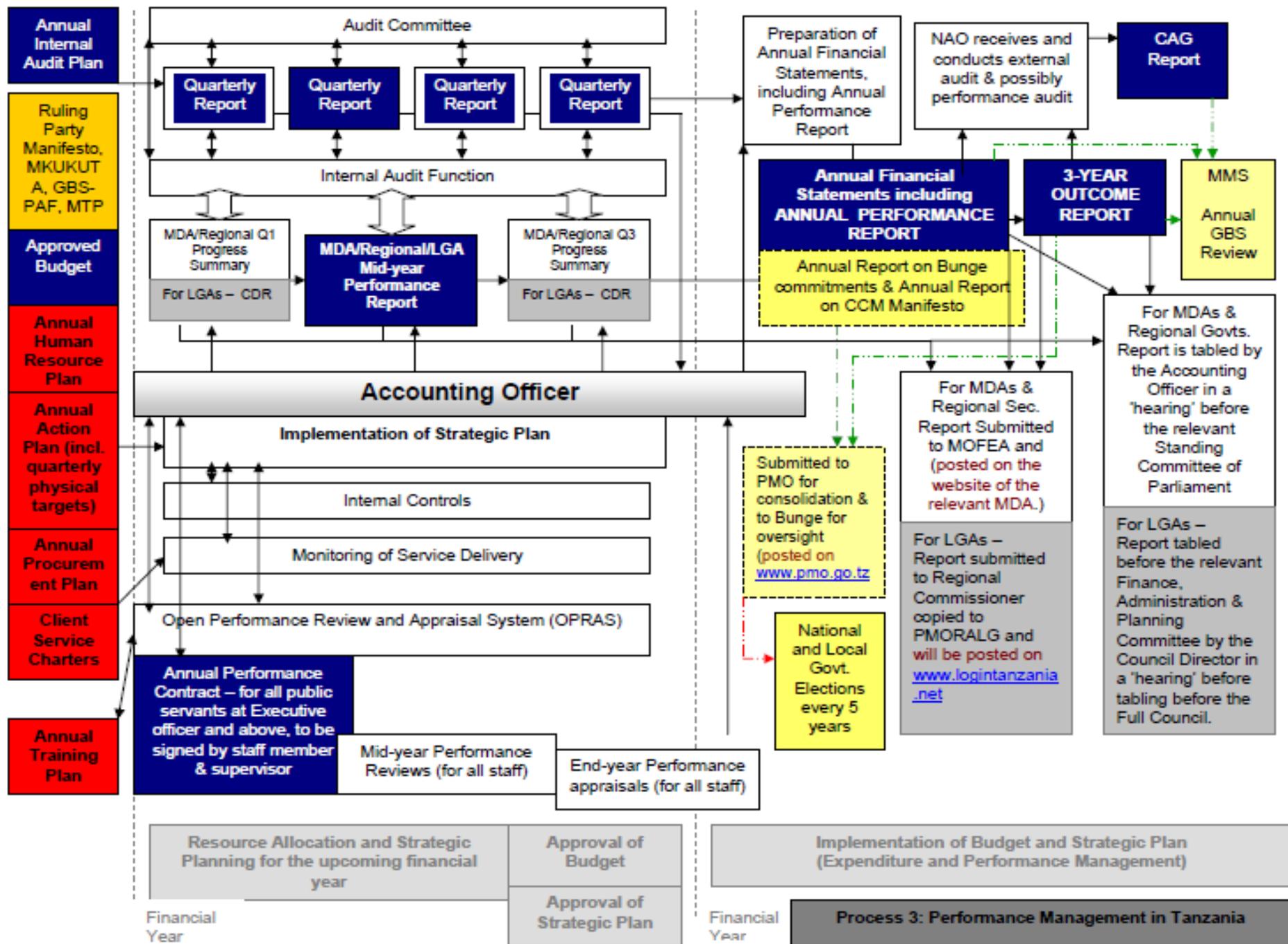
- Steps in the process at sub-national level.

Red

- Anything relating solely to Strategic Planning.

Yellow

- Parallel processes (either political or funding-related) that perform functions related to this process



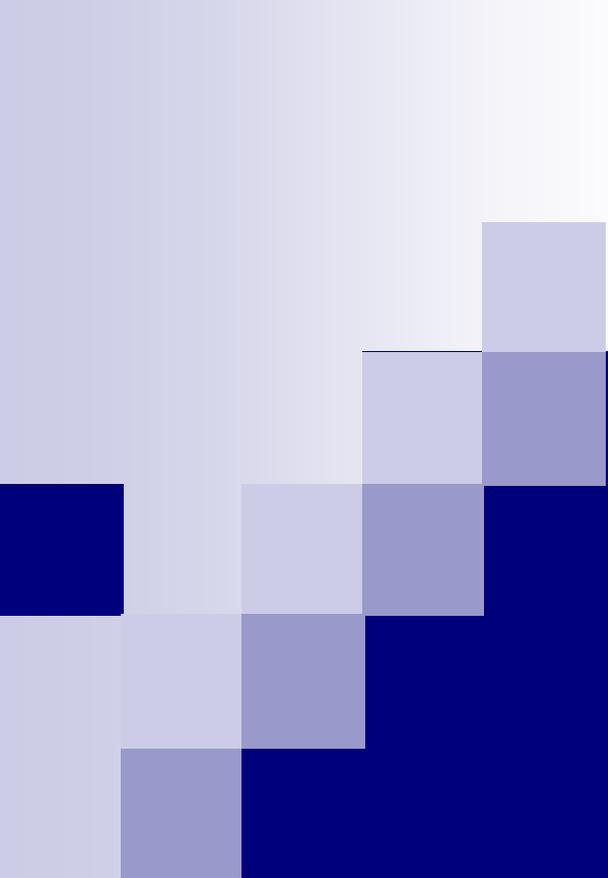
Session 8

What we have covered so far:

1. What is Performance Management?
2. Why Monitor Performance Management?
3. Performance Management in Tanzania

Still to come:

4. What to look for in performance reports



Part 4

What to look for in performance reports

Evaluating the Performance Management Process

- Numerous approaches
- Evaluate process by considering its outputs
- Part 4 focuses on tools to analyse performance management documents



Overview of Tools

- Tools to be covered in Part 4
 - Implementation of Strategic Plan
 - Internal Controls
 - Evaluation of Audit Committee's role
 - Human Resource Management
 - Performance Reporting
 - Monitoring of Service Delivery
 - Realisation of Service Delivery Outcomes

Implementation of Strategic Plan



Tool: Evaluate performance against the objectives, activities and performance indicators set out in the MDA/LGA's strategic plan

Where to look:

- MDA/LGA performance reports (in-year and year-end)
- Audit Committee and Supreme Audit Institution reports
- standing Committee Reports/Minutes
- Media reports and independent research reports

Key Questions

1. Did the MDA/LGA report against all (relevant) activities and objectives set out in its strategic plan for the year under review?
 2. Did the MDA/LGA achieve all (relevant) performance targets in relation to these activities and objectives?
 3. Where the MDA/LGA failed to meet planned service delivery activities or objectives, did it provide justifications and explanations for this and indicate what corrective action would be taken?
-
- May need to focus on key service delivery activities or objectives

Evaluating performance reports



- **Evaluating explanations and justifications provided for performance**
- Refer to the SDC MTEF.
 - What was the activity to be implemented under the Joint Rehabilitation Fund?
 - How much was allocated towards this activity?
- Now refer to the 4th Qt CCHP Report
 - Does the budget allocation correspond with that in the MTEF?
 - How much was received from the fund?
 - Can you find the related activity in the quarterly progress and financial report table? What was the progress on this activity?
 - Are justifications and explanations provided for the status of this activity? If so, what are they?

Internal controls



TOOL

Tool: Determine whether the MDA/LGA established or maintained an effective internal control environment during the year under review.

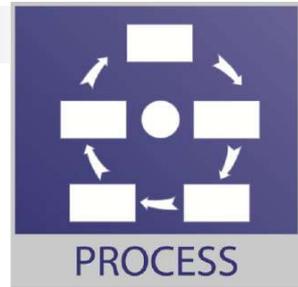
Where to look:

- MDA/LGA performance reports (in-year and year-end)
- Audit Committee and Supreme Audit Institution reports
- Standing Committee Reports/Minutes

Key Questions:

1. Is there any reported evidence of significant internal control weaknesses in the MDA/LGA in the year under review?
2. What impact did identified internal control weaknesses have on service delivery (and therefore on the progressive realisation of socio-economic rights within the MDA/LGA's available resources)?
3. What impact did identified internal control weaknesses have on the MDA/LGA's expenditure and performance management processes?

Evaluating performance reports



Internal Controls

- In groups of 4, use the Local Authorities Financial Memorandum (LAFM) 1997, to identify 2 checks and balances that have been put in place in the Tanzanian local government public resource management system and what effect they should have on accountability in performance management.
- How could a failure to comply with these checks and balances affect service delivery?

Evaluating performance reports



Evaluating internal controls.

- Refer to the information available for SDC.
 - Does SDC have a Risk Management Policy?
 - What is the SDC's strategy to ensure that it is able to meet its spending commitments as they fall due?
 - Who is responsible for overseeing the SDC's debt management?
- Refer to the last paragraph on page 53 of the Councillor's Report and Financial Statements.
 - What does this say about the banking community's confidence in the financial health of the Council?

Audit Committee



Tool: Evaluate the quality of the Audit Committee's oversight during the year under review.

Where to look?

- Audit Committee's Report
- Supreme Audit Institution's Report
- Internal audit function quarterly reports
- standing Committee Reports/Minutes
- Performance and Financial reports

Audit Committee



Tool: Evaluate the quality of the Audit Committee's oversight during the year under review.

Key Questions:

1. Did the Audit Committee have a full staff complement?
2. How many times did the Audit Committee meet during the financial year under review?
3. Did the Audit Committee report on the following:
 - a. The effectiveness of the MDA/LGA's internal controls?
 - b. The effectiveness of the internal audit function of the MDA/LGA?
 - c. The risk areas of the MDA/LGA's activities to be covered by the internal audit?
 - d. The MDA/LGA's submission and quality of in-year management and monthly/quarterly reports?
 - e. The quality of the MDA/LGA's financial statements for the financial year?
4. Did the Audit Committee report on all interventions/investigations it made during the financial year?

Audit Committee



Tool: Evaluate the quality of the Audit Committee's oversight during the year under review.

Key Questions:

5. Do the conclusions or recommendations made by the Audit Committee on the overall performance of the MDA/LGA during the financial year under review differ from those made in previous years?
6. Did any of the findings in the Supreme Audit Institution's report differ from those made by the Audit Committee?
 - a. What does this imply about the oversight of either body?
7. What were the Supreme Audit Institution's findings on the performance of the Audit Committee?
 - a. Were these raised in previous years?
 - b. If so, what does this imply?
8. What were the implications of the Audit Committee's performance during the year under review for the MDA/LGA's performance management process?

Human Resource Management



Tool: Evaluate the MDA/LGA's management of human resources during the year under review.

Where to look?

- MDA/LGA's year-end report
- MDA/LGA's strategic plan
- Supreme Audit Institution Report
- standing Committee Reports/Minutes

Key Questions will cover:

- Recruitment and retention
- Human resource performance management
- Use of Consultants
- Staff training and skills development
- Implications for service delivery and performance management

Human Resource Management



Tool: Evaluate the MDA/LGA's management of human resources during the year under review.

Key Questions:

Recruitment and Retention

1. What was the MDA/LGA's vacancy rate for the year under review (overall and by main programme)?
2. Which vacant posts were filled during the year under review?
3. Did the MDA/LGA employ any excess staff during the year under review?
4. What was the annual staff turnover rate for the MDA/LGA in the year under review?

Human Resource Management



5. Did the MDA/LGA report in its year-end report against its recruitment and retention strategy as set out in its strategic plan?
6. Did the MDA/LGA achieve the targets relating to recruitment and retention set out in its strategic plan?
 - a. If the MDA/LGA failed to achieve these targets, did it provide justifications for this and indicate what corrective action would be taken in future years to achieve them?

Human Resource Management



Tool: Evaluate the MDA/LGA's management of human resources during the year under review.

Key Questions:

Human Resource Performance Management

7. Did the MDA/LGA achieve the targets relating to human resource performance management set out in its strategic plan?
 - a. If the MDA/LGA failed to achieve these targets, did it provide justifications for this?
 - b. Did the MDA/LGA indicate what corrective action would be taken in future years to improve human resource performance management?

8. How much did the MDA/LGA pay out in performance bonuses?
 - a. Were these bonuses based on the outcomes of performance appraisals?
 - b. Are they consistent with the MDA/LGA's performance during the year under review?

Human Resource Management



Tool: Evaluate the MDA/LGA's management of human resources during the year under review.

Key Questions:

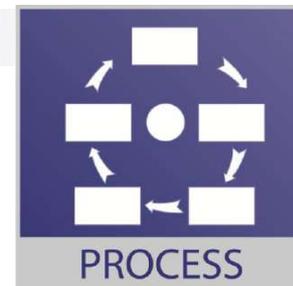
Use of Consultants

9. Did the MDA/LGA report in its Annual Report on the use of consultants for the year under review?
10. What was the MDA/LGA's expenditure on consultants for the financial year under review?

Staff Training and Skills Development

11. Did the MDA/LGA achieve the training and skills development targets set out in its strategic plan?
 - a. If the MDA/LGA failed to achieve these targets, did it provide justifications for this?
12. What was the MDA/LGA's expenditure on training for the financial year under review?

Evaluating performance reports



Staff training

- Refer to the CCHP 4th Qt Report.
 - How many of the activities relating to staff training were funded from the Health Block Grants?
 - What were the two largest sources of training funds?
 - How many of the training activities funded by these two sources were fully implemented?
 - What were the reasons given?
 - What can we get from the above information to strengthen our SAM analysis for HRH?

Human Resource Management



Tool: Evaluate the MDA/LGA's management of human resources during the year under review.

Key Questions:

Implications for Service Delivery and Performance Management

13. How does the MDA/LGA's human resource management (including vacancy rates, recruitment and retention, performance management, use of consultants and staff training) impact its ability to implement an effective performance management process?
14. How did the MDA/LGA's human resource management impact its ability to deliver quality public services which progressively realise people's human rights and capabilities?



Overview of Tools

- We have covered so far:
 - Implementation of Strategic Plan
 - Internal Controls
 - Evaluation of the Audit Committee's role
 - Human Resource Management

- Still to come:
 - Performance Reporting
 - Monitoring of Service Delivery
 - Realisation of Service Delivery Outcomes

Performance Reporting



Tool: Evaluate the quality of the MDA/LGA's performance reporting framework during the year under review.

Where to look?

- MDA/LGA in-year and year-end performance reports
- Audit Committee Report
- Supreme Audit Institution Report
- standing Committee Reports/Minutes

Key Questions:

1. Did the MDA/LGA produce monthly, quarterly and year-end financial and performance reports for the year under review?
2. Were these reports accurate, detailed and prepared within the prescribed timeframes?
3. Did these reports meet all relevant reporting requirements (according to relevant legislation) and recommendations (according to best practise)?

Performance Reporting



Tool: Evaluate the quality of the MDA/LGA's performance reporting framework during the year under review.

Key Questions:

Implications for service delivery and performance management

4. How does the MDA/LGA's performance reporting impact its ability to implement an effective performance management process?
5. How does the MDA/LGA's performance reporting impact its ability to deliver quality public services which progressively realise people's human rights and capabilities?

Implications for accountability

6. What impact did MDA/LGA's poor reporting have on the ability of internal and external oversight bodies to effectively monitor the its performance?

Monitoring of Service Delivery



Tool: Evaluate the quality and effectiveness of the MDA/LGA's monitoring of service delivery in the year under review.

Where to look?

- MDA/LGA's year-end performance report
- MDA/LGA's strategic plan
- Supreme Audit Institution Report
- standing Committee Report/Minutes
- Media articles or independent research reports

Monitoring of Service Delivery



Tool: Evaluate the quality and effectiveness of the MDA/LGA's monitoring of service delivery in the year under review.

Key Questions:

1. Is the administrative unit responsible for monitoring services adequately staffed?
2. Did the MDA/LGA implement effective mechanisms to monitor the delivery of services throughout the year under review?
3. Did the MDA/LGA report in its year-end report on the quality, effectiveness and efficiency of the services delivered during the year under review?
4. Did the reports of the Audit Committee, Supreme Audit Institution or relevant standing Committee make any findings/recommendations regarding the monitoring of service delivery by the MDA/LGA?
5. Did the MDA/LGA justify and explain any failures to monitor service delivery and indicate how it would improve the monitoring of service delivery in future years?

Monitoring of Service Delivery



Tool: Evaluate the quality and effectiveness of the MDA/LGA's monitoring of service delivery in the year under review.

Key Questions:

Implications for performance management and service delivery

6. How does the MDA/LGA's monitoring of service delivery impact its ability to implement an effective performance management process?
7. How does the MDA/LGA's monitoring of service delivery impact its ability to deliver quality public services which progressively realise people's human rights and capabilities?

Implications for accountability

8. What impact does poor monitoring of service delivery have on the ability of internal and external oversight bodies to effectively monitor the MDA/LGA's performance?

Realisation of Service Delivery Outcomes



Tool: Evaluate realisation of socio-economic rights

Where to Look:

- MDA/LGA's year-end performance report
- MDA/LGA's strategic plan
- Supreme Audit Institution Report
- standing Committee Report/Minutes
- Media articles
- Independent research reports

Realisation of Service Delivery Outcomes



Tool: Evaluate realisation of socio-economic rights

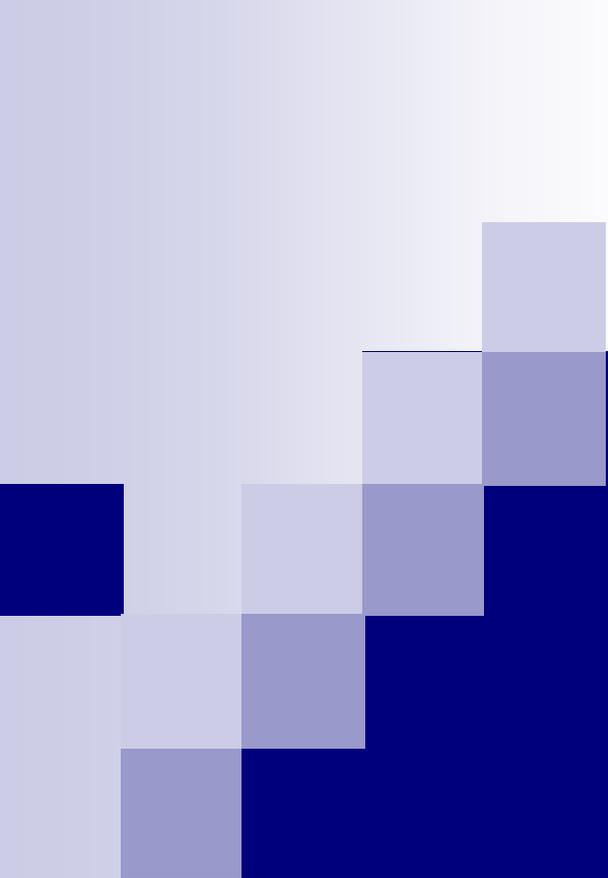
Key Questions:

1. What were the MDA/LGA's main service delivery outcomes for the year under review?
 - a. Did these speak to the most pressing socio-economic needs of those the MDA/LGA services?
2. Did the MDA/LGA realise these outcomes?
 - a. Did the MDA/LGA provide justifications for any failure to realise these outcomes?
3. What were the key service delivery challenges faced by the MDA/LGA during the year under review?
 - a. What was the MDA/LGA's response to these challenges?
 - b. Did the MDA/LGA articulate plans to improve service delivery?
 - c. Do these plans address the causes of these challenges?
4. What is the impact of these challenges on the progressive realisation of socio-economic rights within available resources?

Session 8

What we have covered in this session:

1. What is Performance Management?
2. Why Monitor Performance Management?
3. Performance Management in Tanzania
4. What to look for in performance reports



Session 9

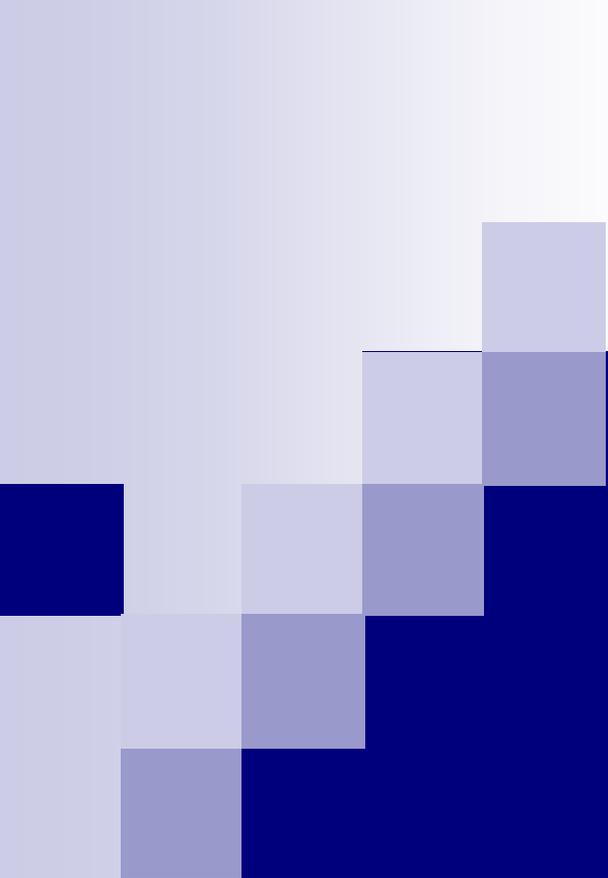
Introduction to Public Integrity Management



Overview of Session 9

Session 10 consists of four parts:

1. What is Public Integrity Management (PIM)?
2. Why Monitor PIM?
3. Public Integrity Management in Tanzania
4. What to look for in PIM documents



Part 1

What is Public Integrity
Management?

What is Public Integrity?



KEY CONCEPT

- For our purposes Public integrity is defined as a set of practices (within the PRM framework) aimed at seeking redress for the abuse of public resources.
- It is therefore not only a set of moral values.
- When *duty-bearers* fail to optimally use or if they abuse public resources or engage in incidents of misconduct they lack public integrity
- Public integrity is a human rights issue because the rights of citizens can only be progressively realized within available resources if duty holders manage the resources with a high level of integrity.

1. What is Public Integrity Management?

Human needs are prioritised by setting **policies** which articulate the commitment by a government to transform a human need into a capability to address that need.

Strategic planning sets out a roadmap for how to get from the policy decision to the delivery of a service that will enable the need to be addressed.

Resource allocation serves as a link between what is needed to deliver a service and the resources available to address this need.

Expenditure management is the management, distribution and spending of allocated financial resources to procure goods and services that will deliver the intended policy objectives.

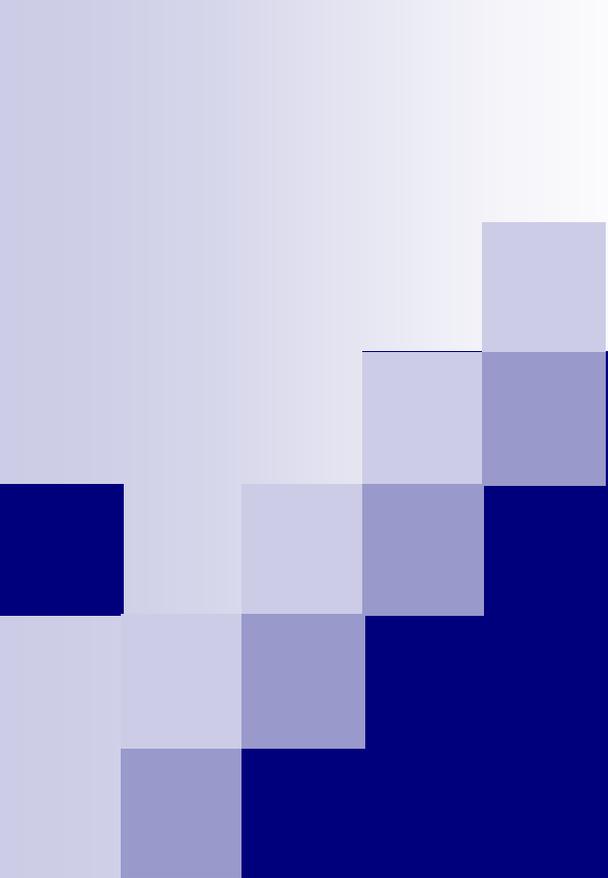
Performance Management is the management and use of resources available to government to deliver services as per the strategic plan in the most efficient, effective and economic way possible so as to progressively realise socioeconomic rights.

Public Integrity Management is the establishment and enforcement of a framework and a set of practices to prevent and correct the misuse or abuse of public resources

A Rights-based approach to public integrity management



- The implementation of effective public integrity management is a prerequisite for ensuring that *public resources* are translated into *public goods and services* that contribute toward the *realization of human rights*
- The ineffective use of resources by public officials & service providers through poor performance (and the abuse of such resources through misconduct, corruption, theft, fraud, and the use of office for private gain, constitute violations of the human rights of those dependent on public services
- Duty-bearer's failure to act with public integrity is invariably a human rights violation



Part 2

Why Monitor Public Integrity Management?



2. Why Monitor Public Integrity Management?

- 2.1 A rights-based approach to evaluating Public Integrity Management
- 2.2 Public Integrity Management within a SAS monitoring approach

2.1 A rights-based approach to evaluating Public Integrity Management

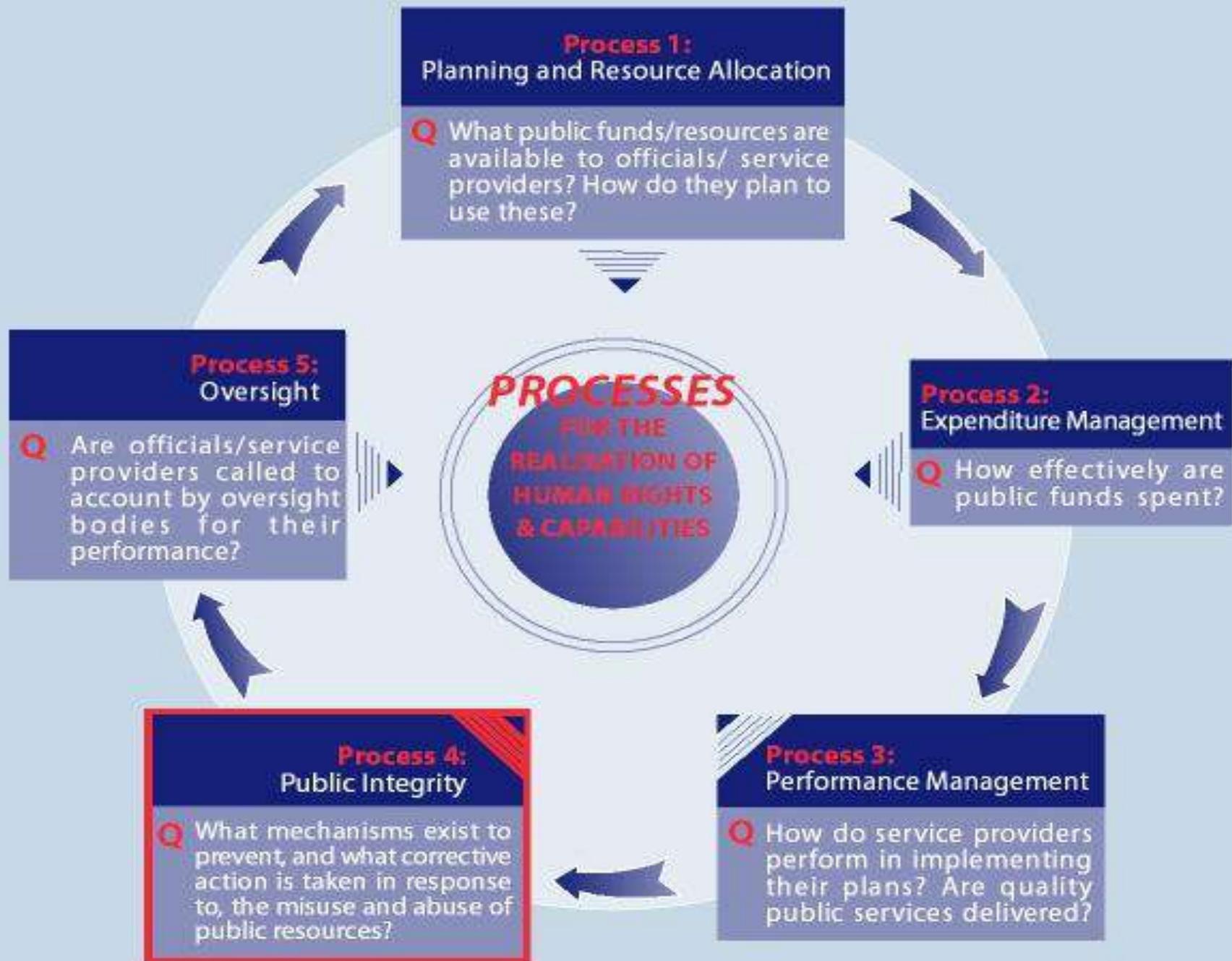
- **All human beings have rights** which are guaranteed in the domestic, regional and international commitments signed up to by the state.
- The state has the obligation to address a range of needs which will give citizens the capability to experience **the progressive realisation of their rights to the maximum of its available resources.**
- An accountable state addresses these needs through **five public resource management processes.** Public Integrity Management is *Process 4* within the Public Resource Management Framework.
 - **The right to social accountability** asserts:
 - a) that every state is obliged to ***justify and explain*** its decisions and actions in this regard to its citizens as a matter of course and to take timely ***corrective action*** where weaknesses are identified.
 - b) that all citizens have the right to demand these ***justifications, explanations*** and ***corrective action*** from the state when it fails to provide them adequately.

2.1 A rights-based approach to evaluating Public Integrity Management

- Social accountability places an obligation on *duty-bearers* to produce justifications for their performance and to take corrective action in instances where public resources have not served to realise people's rights, due to the ineffective use or abuse of these resources.

- Therefore, we need to monitor:
 1. What corrective action is taken by various duty-bearers in response to cases of the ineffective use or abuse of public resources
 2. The effectiveness of institutional mechanisms established to prevent & correct cases of the ineffective use or abuse of public resources by duty-bearers

The Social Accountability System



2.2 Public Integrity management within a SAS monitoring approach

- **Strategic Planning/Resource Allocation and Public Integrity Management**
 - Strategic plans provide clear guidelines:
 - what activities need to be undertaken
 - by whom
 - at what cost
 - Public officials/service providers are able to identify problems:
 - implementation and performance
 - instances of misuse and abuse of public resources

2.2 Public Integrity management within a SAS monitoring approach

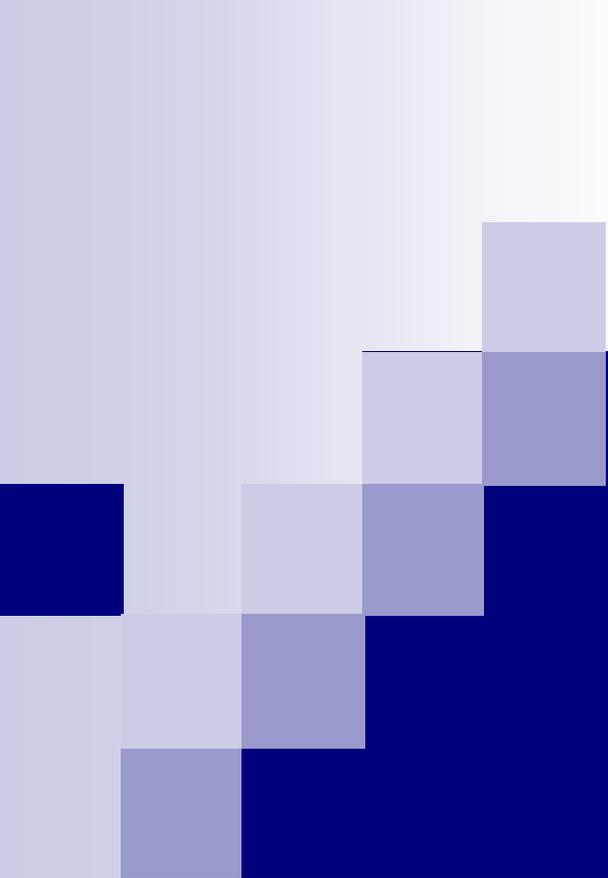
Expenditure Management and Public Integrity Management

- Poor expenditure management results in:
 - Organisational environment which enables the misuse and abuse of funds
 - Lack of clarity re: purpose of funds and weak controls – misuse (funds not used for intended purposes)
 - Lack of checks and balances – abuse (exploitation of opportunities for personal gain)

2.2 Public Integrity management within a SAS monitoring approach

Performance Management and Public Integrity Management

- Weak performance internal controls result in:
 - Hindrance of transparent and efficient delivery of services (financial mismanagement and fraud)
- Poor human resources management causes:
 - Poor performance and puts a strain on a human resources directorate
 - Negatively impacts on the ability to conduct effective disciplinary action



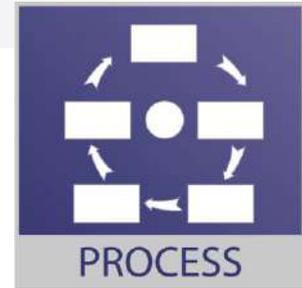
Part 3

Requirements for effective
Public Integrity Management

Requirements for Effective Public Integrity Management

- 3.1 General requirements
- 3.2 Key role-players
- 3.3 Information outputs
- 3.4 Public Integrity Management timeline

3.1 General requirements for effective public integrity management



- Two requirements – these apply to Public Administration, Legislature & Executive:
 1. Comprehensive normative & regulatory framework governing the conduct & performance of duty-bearers
 - Standards, codes of conduct and values
 - Regulations on conduct & performance of duty-bearers (Public Officials)
 - Financial management regulations (Public Officials)
 - Regulations governing procurement (Public Officials)
 - Regulations governing corruption (Public Officials)
 - Labour legislation & disciplinary provisions (Public Officials)
 - Legislation & codes governing conduct (Members of Legislature)
 - Legislation & codes governing conduct (Executive)

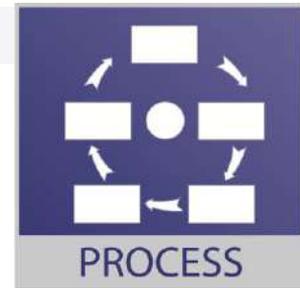
Key Legislation and Regulations dealing with public integrity in Tanzania

- URT Constitution 1977 (as amended up to 2005)
- Public Leaders Code of Ethics Act – 1995 (as amended in 2001)
- Prevention and Combating of Corruption Act - 2007
- Public Service Act - 2002 (as amended in 2007)
- Public Service Regulations - 2003
- Public Finance Act - 2001
- Public Finance (Surcharge and Penalties) Regulations - 2005
- Code of Ethics and Conduct for the Public Service Tanzania – 2005

3.1 General requirements for effective public integrity management

2. Institutional disciplinary procedures to regulate & correct conduct & performance of duty-bearers
 - Definitions
 - Procedure for misconduct
 - Procedure for poor performance
 - Common reasons for the failure to implement disciplinary action
 - Misconduct that is a criminal offence
 - Fundamental differences between disciplinary & criminal proceedings
 - *Sub judice* and Right to silence
- *In Tanzania, these procedures can be found in:*
 - *the Public Service Regulations 2003,*
 - *the Public Finance Regulations – Surcharges and Penalties 2005*
 - *The Public Service Standing Orders 2009*

3.1 General Requirements

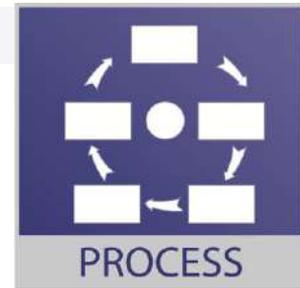


1. Normative & regulatory framework

Normative component:

- Refers to ideals: standards, values informed by culture and societal norms
- Places value on effective management of public resources in public interest
- Places value on transparency, access to information, accountability & participation in decision-making
- Underpins the regulatory framework

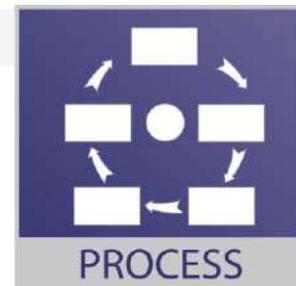
3.1 General Requirements



1. Normative & regulatory framework

Regulatory component:

- Refers to stipulations of the Constitution and Legislation
- Enforceable provisions of codes of conduct and high standards of professional ethics
- Regulations that make it mandatory to have high, efficiency and effectiveness in public financial management



3.1 General Requirements

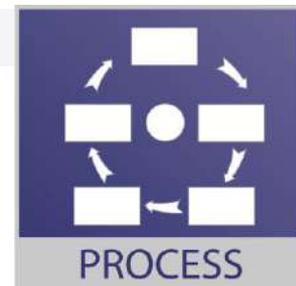
1. Normative & reg framework

a. Public Officials

Regulations on conduct & performance of duty-bearers

- Roles & duties of officials & performance standards
- Strict rules governing personal conduct, relations with the public, accountability & private interests
- Should include declarations of interest for senior officials & public register of interests

3.1 General Requirements



1. Normative & reg framework a. Public Officials

Financial management regulations

- Cover responsibilities of all those public officials involved in the management of public funds
- Provisions to ensure that all government revenue, expenditure, assets and liabilities are managed efficiently and effectively
- Clear expectations in terms of conduct and performance of all persons entrusted with financial management

3.1 General Requirements



1. Normative & reg framework a. Public Officials

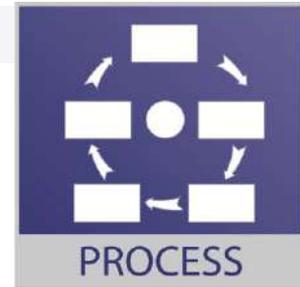
Regulations governing procurement

- Ensure that the awarding of government tenders should be conducted in a publicly accessible, fair process and against clear criteria

Regulations governing corruption

- Define corrupt activities and prohibit corruption as a criminal offence. Set out provisions for the investigation and criminal prosecution of acts of corruption in the public (as well as private) sector and place a duty on persons in authority to report corrupt transactions.

3.1 General Requirements

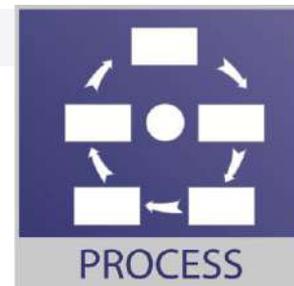


1. Normative & reg framework

a. Public Officials

Labour legislation & disciplinary provisions

- Sets out labour practices and includes clear disciplinary process.
- What constitutes misconduct and the application of disciplinary procedures should be clearly set out.



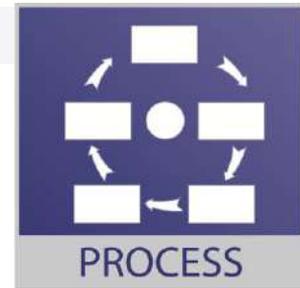
3.1 General Requirements

1. Normative & reg framework b. Members of the Legislature

Legislation & codes governing conduct

- Set out clear guidelines to hold members accountable for the exercise of their powers and for their ethical behaviour.
- Contain provisions regarding the disclosure of financial interests and conflicts of interest & ensures that all member's personal interests are open to scrutiny.
- Indicate the provisions for making disclosures of registrable interests, for monitoring compliance, for investigating breaches, and for imposing penalties.

3.1 General Requirements



1. Normative & reg framework c. Members of the Executive

Legislation & codes governing conduct

- Regulate the conduct and performance of members of the Executive to ensure that they exercise their powers in the best interests of good governance and the public.
- Prohibit members of the Executive from using their positions or information entrusted to them for improper benefit, or engaging in incidents of conflicts of interest.
- Set out provisions for making disclosures of registrable interests, for monitoring compliance, for investigating breaches, and for imposing penalties.

3.1 General Requirements



2. Disciplinary Procedures

- Discipline refers to those actions, including dismissal, taken by management against any employee or group of employees in order to timeously correct unsatisfactory or unacceptable behaviour or performance.
- Employees can be dismissed either on account of misconduct or inefficiency
- If a manager believes an employee is unfit or incapable of carrying out his/her duties can convene an inquiry into allegations – if found guilty the official can be dismissed

3.1 General Requirements



2. Disciplinary Procedures

Definitions:

Bribery

- Act of offering money, services or other valuables, in order to persuade person to do something in return. (By definition an act of corruption).

3.1 General Requirements

2. Disciplinary Procedures

Definitions (cont.)

Corruption

- The use of public position for private gain (standard definition - limited to public office)

3.1 General Requirements

2. Disciplinary Procedures

Definitions (cont.)

Corruption

- An acceptance, agreement or offer to accept gratification, or the giving or agreement to give gratification in order to act, or influence another person, to act in a manner that is illegal, dishonest, unauthorised, incomplete or biased, or that involves the misuse or selling of information in the course of carrying out powers arising from constitutional, statutory, contractual or other legal obligation, that amounts to the abuse of a position of authority, a breach of trust, the violation of a legal duty, or is designed to achieve an unjustified result, or that amounts to an improper inducement to do or not to do anything (expanded definition - includes private persons and public officials – See p.17 of Resource Pack for full legal definition in Combating of Corrupt Activities Act)

3.1 General Requirements



2. Disciplinary Procedures

Definitions (cont.)

Conflict of interest

- When person with formal responsibility to serve the public participates in an activity that serves personal interests and can potentially influence the performance of the individual's official duties.

Misconduct

- The failure to comply with applicable codes and standards governing conduct and performance by someone in a position of authority or responsibility, whether intentionally or through indifference (negligence)

3.1 General Requirements



2. Disciplinary Procedures

Definitions (cont.)

Fraud

- An economic crime involving intentional (& unlawful) misrepresentation (or deceit) which causes prejudice or potential prejudice to another

Theft

- Intentional (& unlawful) misappropriation of property of another (intention must be to permanently deprive the person entitled to the property)
- For additional definitions and a useful glossary of terms see
- <http://www.u4.no/document/glossary.cfm#clientelism>

Compliance with disciplinary procedures



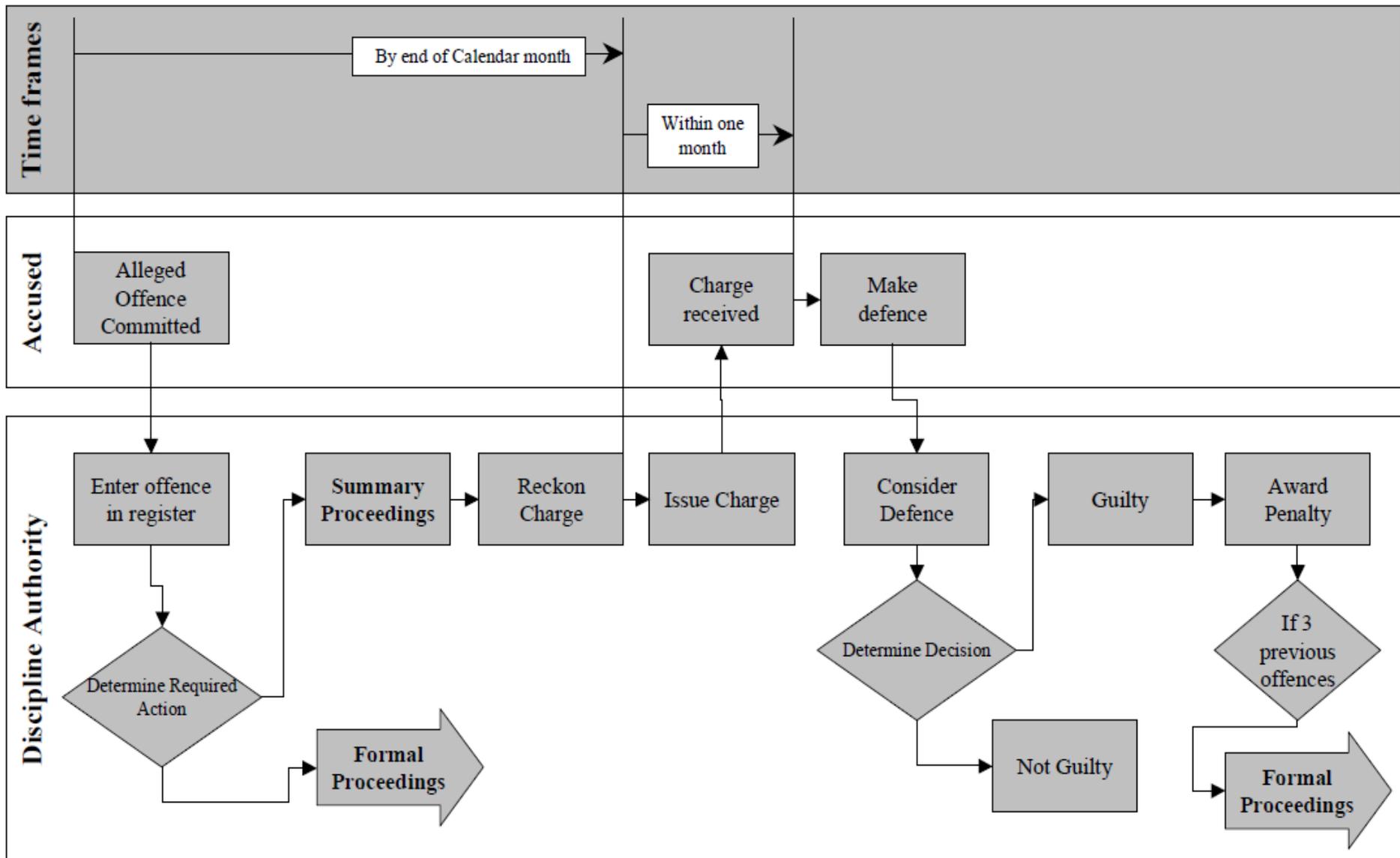
- Read Chapter 3 of the Compliance Inspection Report conducted by POPSM in 2005
- What does it tell you about procedural compliance to disciplinary procedures within the Tanzanian public service at central government level in 2005?
- Is this good or bad? Why?
- Discuss this in Groups of 3 for 10 minutes and then we will have a plenary discussion.



Disciplinary Procedures in Tanzania

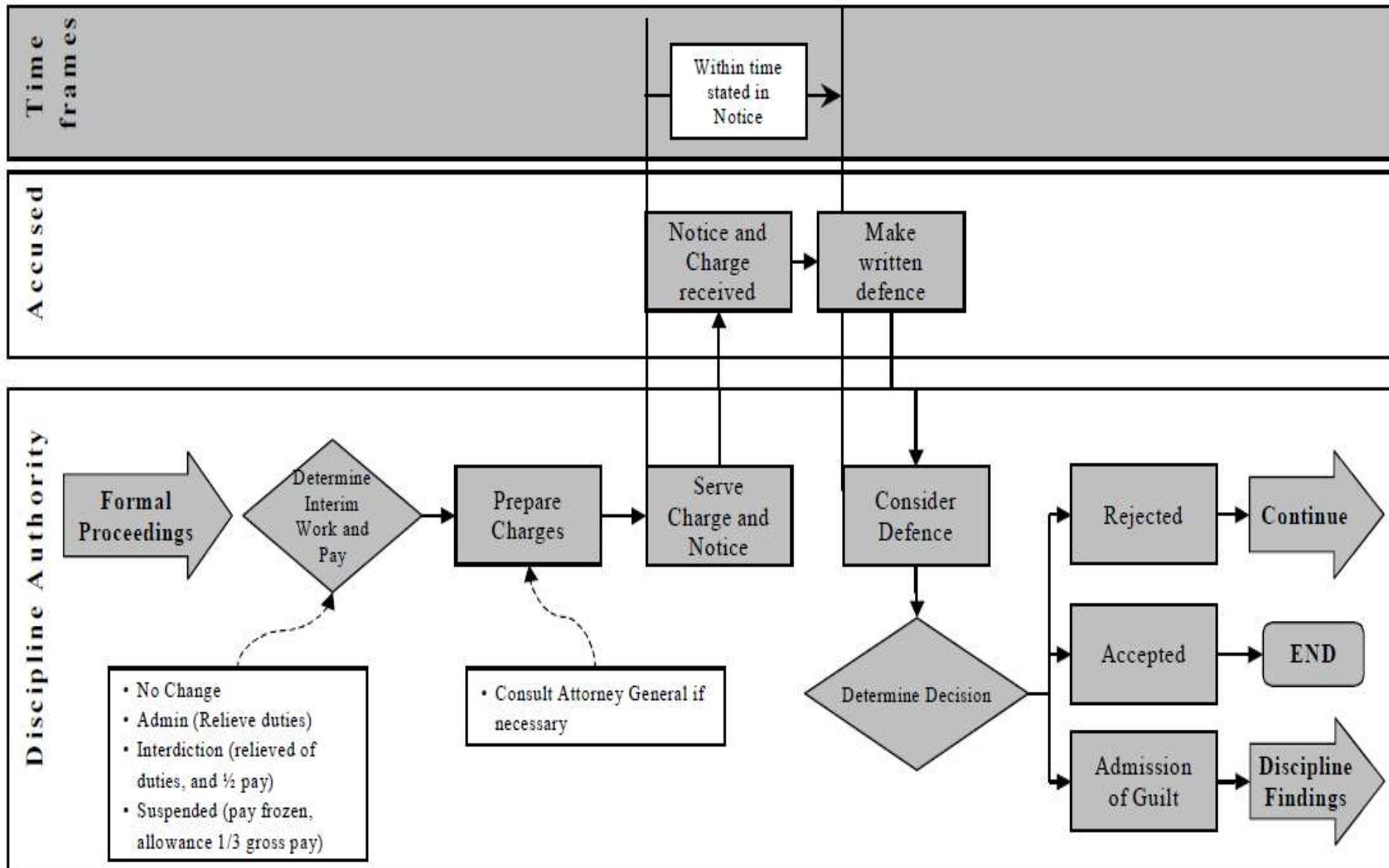
Disciplinary Action Process flow

Initial Proceedings and Summary Proceedings



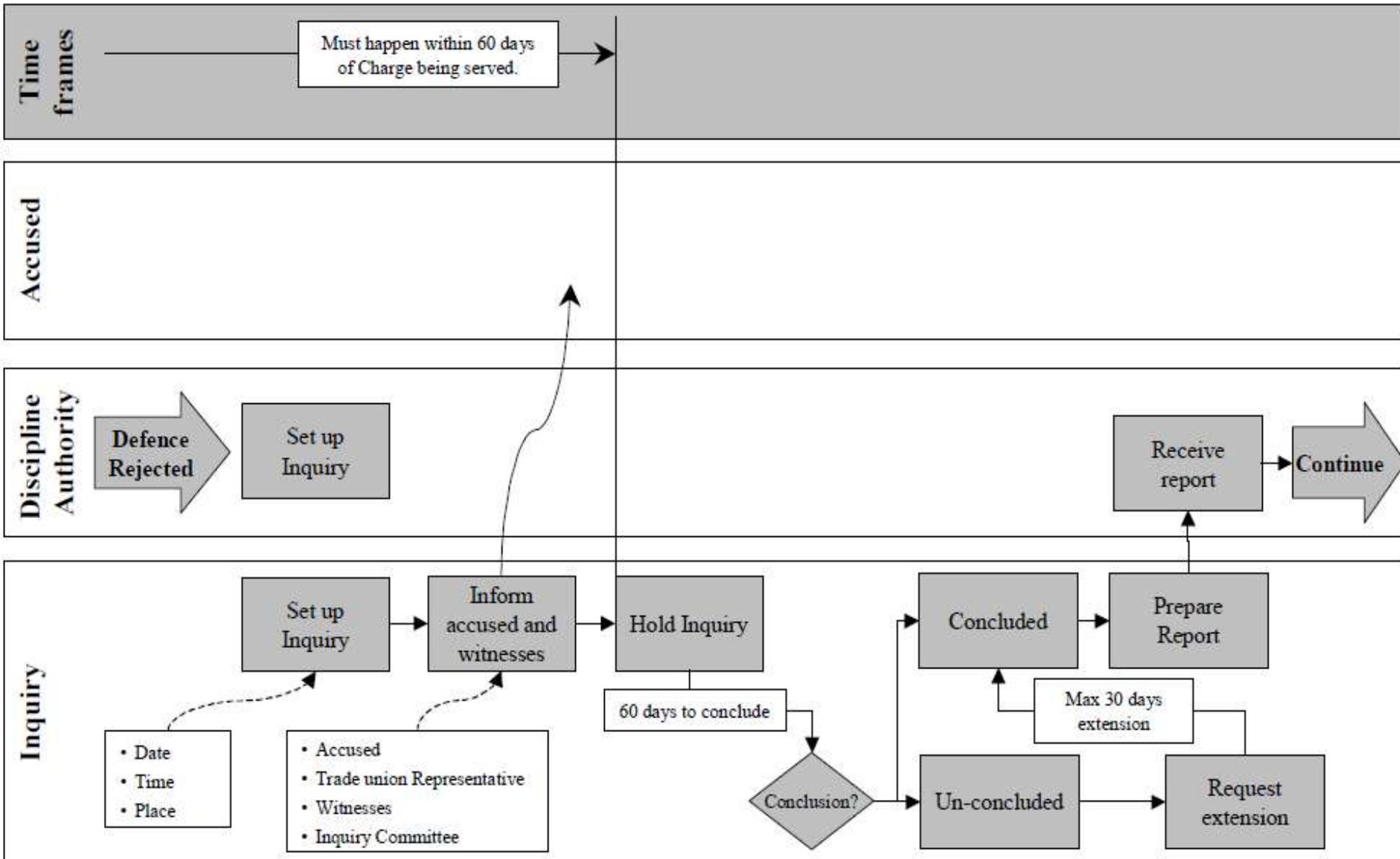
Disciplinary Action Process flow

Formal Proceedings



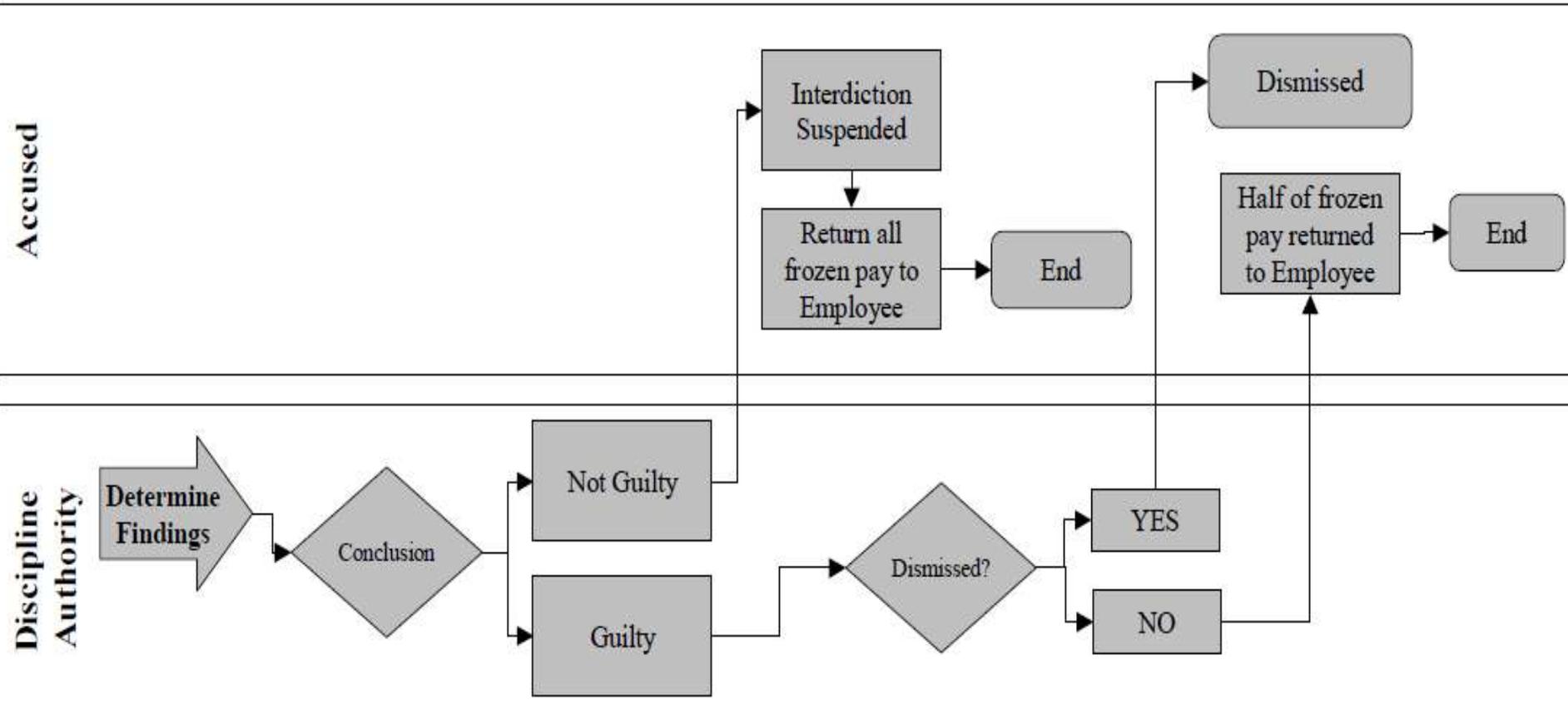
Disciplinary Action Process flow

Formal Proceedings - continued



Disciplinary Action Process flow

Determine Findings



3.1 General Requirements



2. Disciplinary Procedures

Common reasons for the failure to implement disciplinary action

- Disciplinary action is viewed as discretionary not peremptory (mandatory)
- Failure to perform effectively is not seen as a disciplinary offence
- Confusion between criminal and disciplinary proceedings

3.1 General Requirements



Misconduct that is a criminal offence

Question:

- Can an employer initiate disciplinary action in a case of misconduct where the employee has been charged with a criminal offense for the same act of misconduct? Is the case *sub judice* (before the court)? Does this constitute interference in due criminal process? Does it infringe an accused's *right to silence*?

Answer

- Because disciplinary hearings differ fundamentally from criminal proceedings, the holding of a disciplinary hearing does not “anticipate” the findings of a criminal court
- Disciplinary proceedings do not infringe an accused's right to silence

3.1 General Requirements

Fundamental differences between disciplinary & criminal proceedings

Disciplinary proceedings

- Charges laid by employer's disciplinary authority
- Breach of employment contract
- Should the person continue to be employed?

Criminal proceedings

- Charges laid by the state prosecuting authority
- Breach of criminal law
- Should the person be punished for committing a crime?

3.1 General Requirements



Fundamental differences (cont.)

Disciplinary proceedings

- Was the employee negligent (culpa)?
- Proof on balance of probability
- Disciplinary hearing quick process
- Can charge and hold disciplinary hearing in absence of employee

Criminal proceedings

- Did person intend to commit a crime (dolus)?
- Proof beyond reasonable doubt
- Criminal trial is lengthy process
- Accused must be present at trial

3.1 General Requirements



***Sub judice* and Right to silence**

Question

Can an employee use either the *sub judice* rule or the 'right to remain silent' when facing criminal charges to force the employer to postpone a disciplinary hearing?

Answer

- Accused cannot be forced to give evidence but employer can draw an adverse inference if she/he chooses to remain silent
- If employee refuses to participate in disciplinary hearing employer can also draw adverse inference

Understanding the Regulatory Framework



TOOL



ACTIVITY

- Read Articles 50 to 51 of the Public Service Regulations (pages 38 to 42)
- Compare what you have read to the information on slides 42 to 45?
- How is misconduct that is a criminal offence handled in the Tanzanian public service?
- Does this have any implications for ensuring public integrity in the Tanzanian public service? If so, what could they be?

3.2 Key role-players in the public integrity management process



Line managers

- Responsible for monitoring the performance and conduct of staff under their authority

Head of Department (Council Director/ Permanent Secretary)

- Responsible for internal financial controls, risk management, procurement, preventing unauthorised, fruitless and wasteful spending, maintaining assets, collecting revenue, preventing overspending, record management, discipline (delegated by the executing authority), implementing the strategic plan, performance management, financial reporting

Political Head (Proper Officer)

- Responsible for strategic planning, establishing system to monitor performance, disciplinary incidents, discharging employees, monitoring the performance of the HOD, producing annual reports to the Legislature (including information on cases of misconduct and criminal offences), & for ensuring implementation of Legislature and oversight body recommendations

Key duty-bearers (cont.)



Internal audit unit

- Responsible for monitoring the department's monthly financial spending & identifying potential risks in the spending of funds and the management of resources. Should also assess the department's operational procedures and its monitoring of transferred funds on an ongoing basis

MOFEA via Accountant General's Office

- Responsible for promoting and enforcing the effective management of revenue, spending, assets, liabilities, and for intervening in instances where there are serious or persistent breaches of financial management regulations

PO-PSM and Public Service Commission

- Responsible for monitoring the implementation of performance agreements in government departments, for assisting to redress inefficiency and incapacity, and for implementing disciplinary procedures.

Key duty-bearers (cont.)



Monitoring, investigating, judicial and prosecuting bodies

- Must be independent and credible. Includes Public Service Commission, Commission for Human Rights and Good Governance, Prevention and Combating of Corruption Bureau (PCCB), Public Leaders Ethics Secretariat, police investigators, Directorate of Public Prosecution, and the judiciary.
- Responsible for monitoring, investigating, prosecuting and considering appeals in cases involving: misconduct, maladministration and conflicts of interest within public service departments; conflicts of interest and breaches of ethical conduct within the Legislature; conflicts of interest and unethical conduct by members of the executive; acts of corruption and other criminal offences by public officials, parliamentarians, ministers and private individuals or corporations (involving public resources)



Key duty-bearers (cont.)

Supreme Audit Institution (National Audit Office)

- Responsible for auditing expenditure and performance and reporting any instances of the ineffective use or abuse of resources to the head of department and relevant Legislature oversight committees. Also responsible for conducting forensic audits into instances of the ineffective use or abuse of resources.

Standing Committees (of Parliament or Full Council)

- Responsible for overseeing the implementation of disciplinary processes. Also for obtaining and evaluating constant updates on the performance of officials including any instances of the ineffective use or abuse of public resources, and for obtaining justifications regarding corrective action

Civic actors and interest groups

- Responsible for obtaining and evaluating constant updates on the performance of officials and on any instances of the ineffective use or abuse of public resources, and for obtaining justifications regarding corrective action

3.3 Information outputs



- In-year reports on misconduct and incapacity
- Year-end reports on misconduct and incapacity
- Register of Disciplinary Offences
- CAG financial audit reports
- CAG special or forensic audit reports
- Internal audit reports
- Registers of private interests for parliamentarians, members of the executive and senior managers
- Minutes and reports of relevant Standing Committee hearings
- Press releases and public statements by government departments
- This information should be publicly available



3.3 Information outputs

- Public Leaders
 - Declarations of Interest of Public Leaders
 - Register of Private assets and interests of Public Leaders
 - Annual Report of the Ethics Secretariat
- Public Servants
 - Register of Disciplinary Offenses
 - OPRAS review reports
 - Annual Performance Agreements
- General
 - Compliance Inspection Reports
 - Auditor-General annual financial audit reports
 - Auditor-General special forensic audit reports
 - Auditor-General performance audit reports
 - Internal audit & Audit Committee reports
 - Standing or Ad Hoc Committee Reports
 - Annual Performance Reports

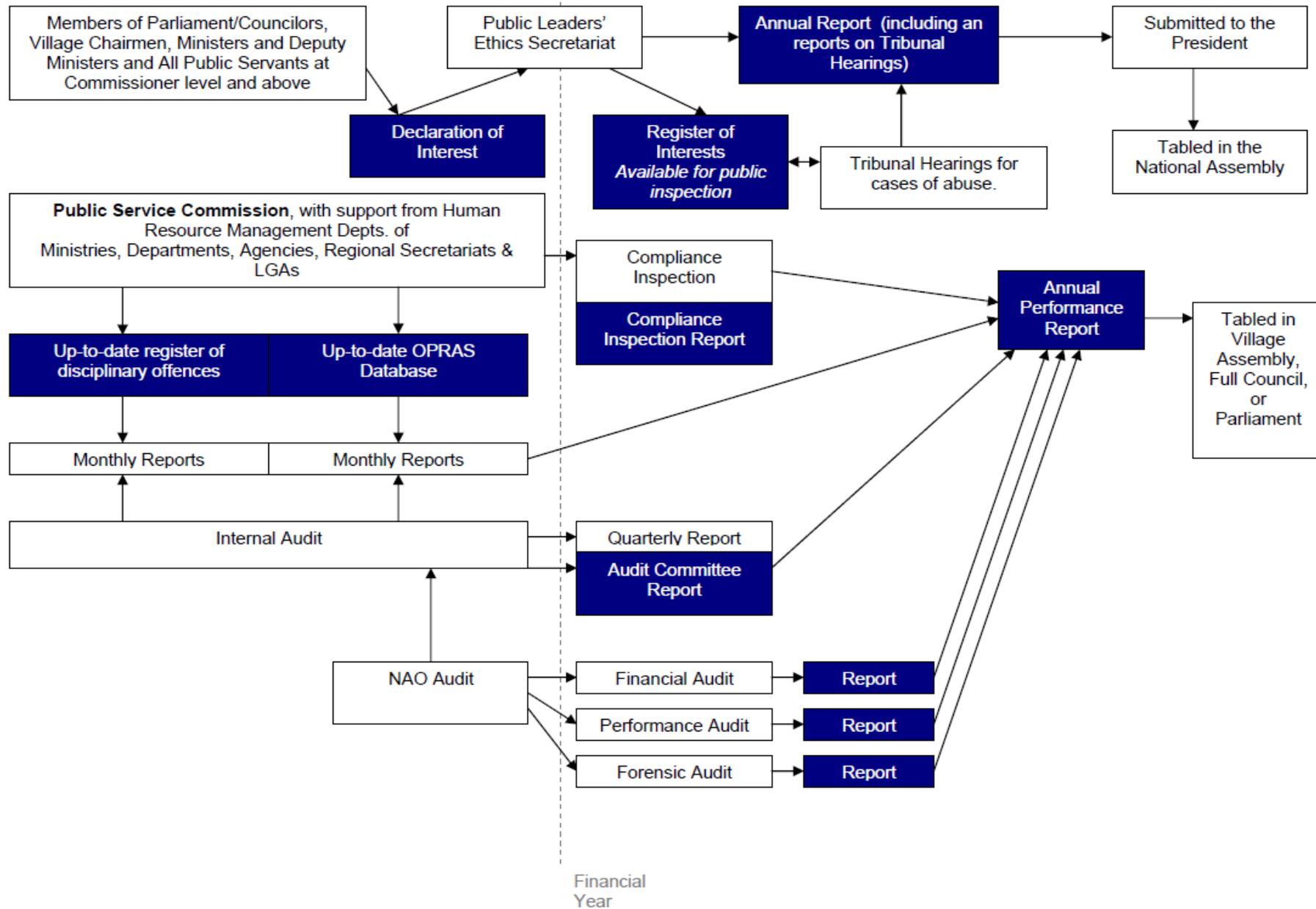
Legend For Process 4 Diagram

Dark Blue

- Documents produced during the Public Integrity Management Process

White

- Steps in the Public Integrity Management Process



Financial Year

Process 4: Public Integrity Management in Tanzania

F/Y

Session 9

What we have covered so far:

1. What is Public Integrity?
2. Why monitor Public Integrity Management?
3. Public Integrity Management in Tanzania

Still to come:

4. What to Look for in documents produced in the Public Integrity Management process

Part 4

PSAM

Public Service
Accountability
Monitor

What to look for in documents produced through the Public Integrity Management process

Institutional mechanisms

a. Public Officials



Open Performance Review and Appraisal System (OPRAS)

- Requires all staff to receive written letters of appointment, to have job descriptions and to sign performance contracts (at least annually)
- Job descriptions should include clear statement of key duties and responsibilities of officials and their output targets
- Performance contracts should include provisions for the mid-year review and annual performance appraisal for the performance of all officials at executive officer level and above.
- Performance appraisals should identify any inefficiency or incapacity and be stored on the employee's personal file and on the PO-PSAM electronic database for public employees.
- *See Public Service Regulations (PSR) 2003 Part III.*

Institutional mechanisms (cont.)

a. Public Officials



Registers of private interests for senior managers

- All senior managers should be required to declare their private business interests, & any additional sources of income, to their relevant executive authority annually.
- This should include any shareholdings or financial interests in private corporations, directorships in private corporate entities, remunerated work outside of the public service, consultancies and retainers, sponsorships and gifts. It should also include a description of all property or land owned as well as those of their spouses and unmarried children.
- This information should be captured in a publicly accessible register held at the office of the Ethics Secretariat
- *See Public Leaders Code of Ethics Act 1995 as amended up to 2001*

Institutional mechanisms (cont.)

a. Public Officials



Register of Disciplinary Offences

- It is very important to keep a record of all disciplinary offenses to ensure that the rules and regulations are enforced consistently, equitably and fairly.
- A register of disciplinary offence should be opened for each disciplinary case and should include the name of the public servant, the offence committed and the date the offence was allegedly committed.
- *See Note (1) and Second Schedule Public Service Regulations (20030 page 74*

Procedures for Disciplinary Action



TOOL



ACTIVITY

Compliance with disciplinary procedures.

- Refer again to Chapter 3 of the PO-PSM Compliance Inspection Report conducted by POPSM in 2005
- Why is it important to maintain a register of disciplinary offenses?
- What does the Compliance Inspection report tell us about compliance with the requirement to maintain a register of disciplinary offenses in 2005?
- Are you aware of whether a register of disciplinary offenses is maintained in the council where you live?

Institutional mechanisms (cont.)

b. Members of the Legislature



Register of interests

- All members of the Legislature should be required to declare their private business interests, additional sources of income, annually to a committee established by the Legislature.
- Should include shareholdings or financial interests in private corporations, directorships in private corporate entities, remunerated work outside of the Legislature, consultancies, sponsorships, gifts , foreign travel, and hospitality.
- Should also include a description of all property or land owned and the member's pensions.

Institutional mechanisms (cont.)

b. Members of the Legislature



Public Leadership Ethics Secretariat

- Must have necessary staff, resources & political will to monitor compliance with disclosure procedures, monitor content of disclosures, to investigate breaches, and to impose penalties.
- The Ethics Secretariat must submit a report, including any cases referred to the Ethics tribunal, to the President annually and this report shall be tabled before Parliament. *See Public leadership Code of Ethics Act Article 23(7).*

Understanding and Applying the Legislative Framework



- Which Tanzanian laws and/or regulations apply to the following duty-bearers? (using your **Public Integrity Evaluation Resource Pack**)
 1. The CAG report for an LGA identifies the presence of ghost workers and recommends that the Council implements a more effective system for the management of personnel records. This finding and recommendation is repeated for five consecutive years.
 2. A contractor is hired by the Council without being issued with a contract. He is then paid before the work is completed and the work is later found to be defective.
 3. A district council overspends its PE budget without obtaining the required permissions.
 4. A District Commissioner instructs the Council Director to send an official vehicle and driver to fetch grass for his cows.

Assessing Corrective Action



TOOL



ACTIVITY

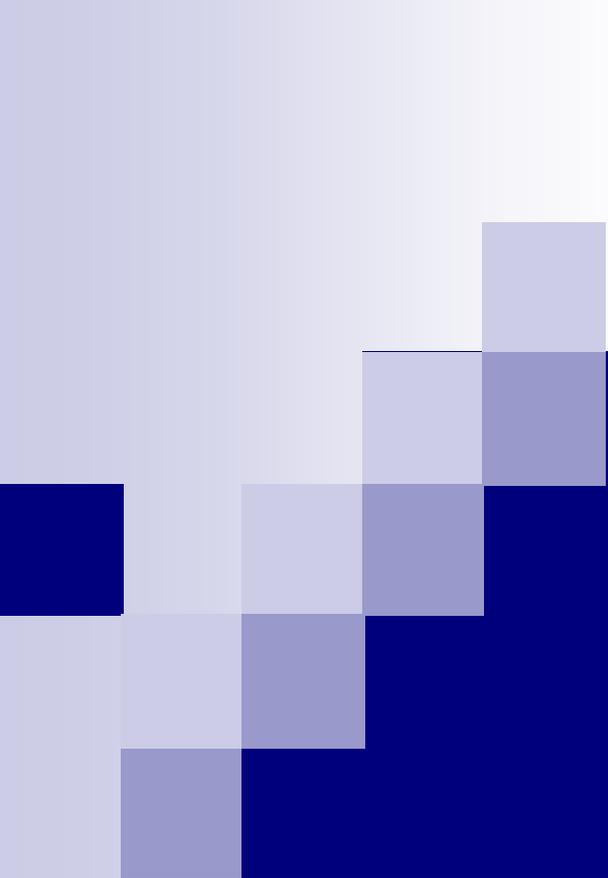
What corrective action should be applied to the following duty-bearers?
(using your Public Integrity Evaluation Resource Pack)

1. The CAG report for an LGA identifies the presence of ghost workers and recommends that the Council implements a more effective system for the management of personnel records. This finding and recommendation is repeated for five consecutive years..
2. A contractor is hired by the Council without being issued with a contract. He is then paid before the work is completed and the work is later found to be defective.
3. A district council overspends its PE budget without obtaining the required permissions.
4. A District Commissioner instructs the Council Director to send an official vehicle and driver to fetch grass for his cows.

Session 9

What we have covered in this session:

1. What is Public Integrity?
2. Why monitor Public Integrity Management?
3. Public Integrity Management in Tanzania
4. What to Look for in documents produced in the Public Integrity Management process

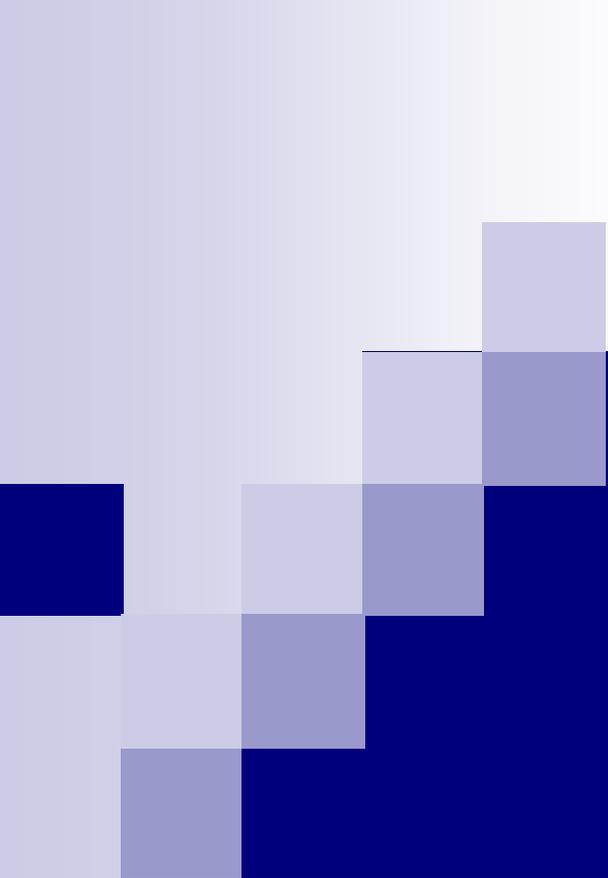


Session 10

Introduction to Oversight

Session 10

- **Session 10 consists of four parts:**
 1. What is Oversight?
 2. Why Monitor Oversight?
 3. General Requirements for an effective Oversight Process
 4. What to look for in Oversight documents



Part 1

What is Oversight?

1. What is Oversight?

- The act of limiting the discretion of the executive arm of government by monitoring its decisions/activities and holding it to account for them.
- Oversight is an ongoing process which takes place throughout the year.
- A number of bodies are responsible for oversight in a constitutional democracy.
- This session focuses on two key oversight bodies that are key to a social accountability system:
 - Legislature (in TZ National Assembly or Parliament)
 - Supreme Audit Institutions (in TZ National Audit Office)

1. What is Oversight?

Human needs are prioritised by setting **policies** which articulate the commitment by a government to transform a human need into a capability to address that need.

Strategic planning sets out a roadmap for how to get from the policy decision to the delivery of a service that will enable the need to be addressed.

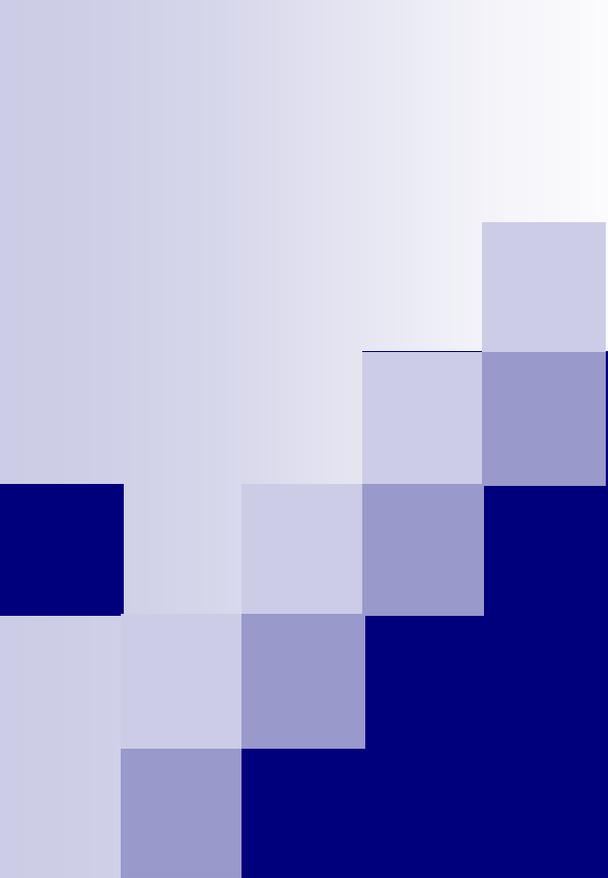
Resource allocation serves as a link between what is needed to deliver a service and the resources available to address this need.

Expenditure management is the management, distribution and spending of allocated financial resources to procure goods and services that will deliver the intended policy objectives.

Performance Management is the management and use of resources available to government to deliver services as per the strategic plan in the most efficient, effective and economic way possible so as to progressively realise socioeconomic rights.

Public Integrity Management is the establishment and enforcement of a framework and a set of practices to prevent and correct the misuse or abuse of public resources.

Oversight is the monitoring, scrutiny and supervision of all activities of the executive and any organ of government, to ensure the optimum use of resources that will address identified needs.



Part 2

Why Monitor Oversight?



2. Why Monitor Oversight?

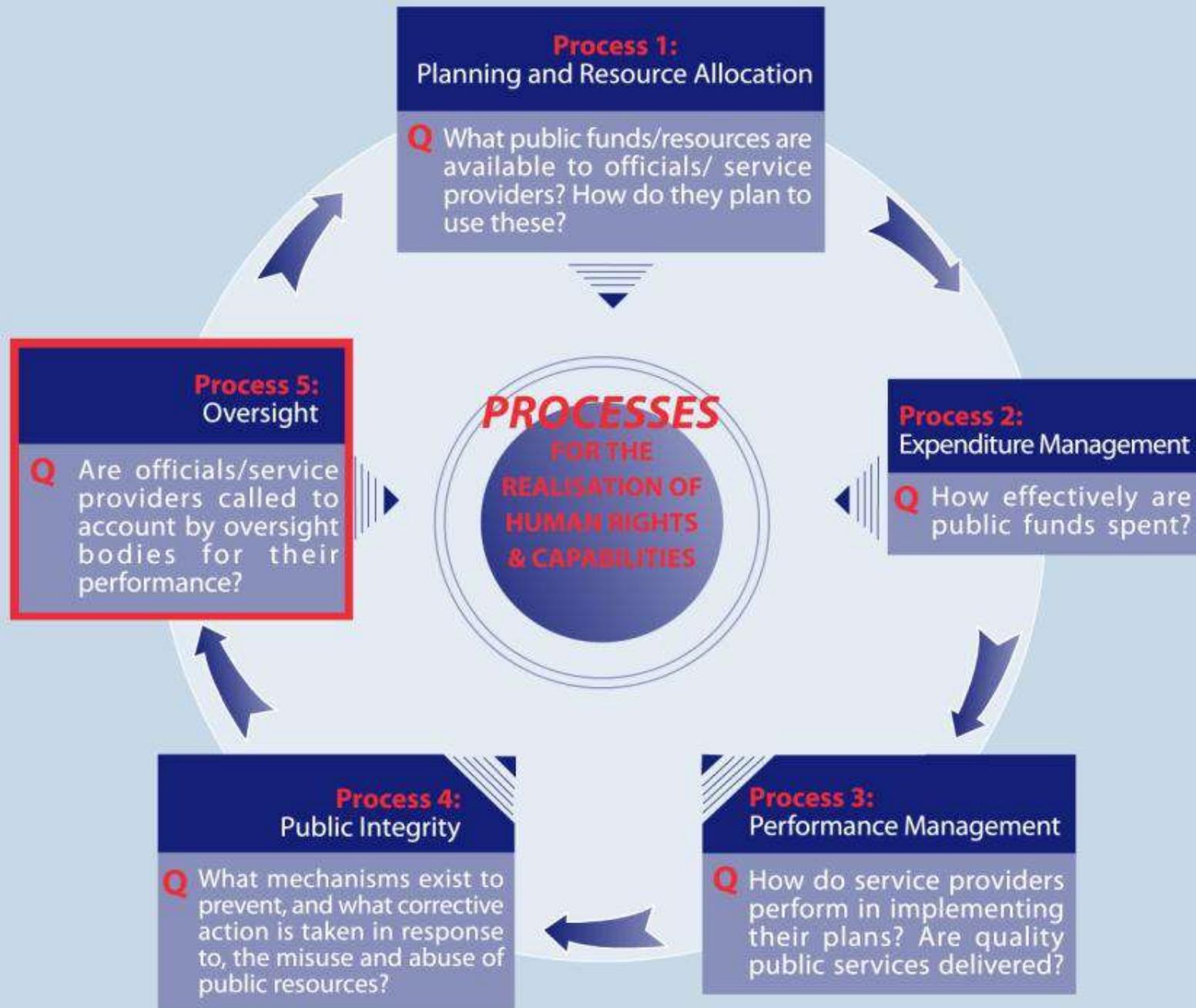
2.1 A rights-based approach to evaluating Oversight

2.2 Oversight within a SAS monitoring approach

2.1 A rights-based approach to evaluating Oversight

- **All human beings have rights** which are guaranteed in the domestic, regional and international commitments signed up to by the state.
- The state has the obligation to address a range of needs which will give citizens the capability to experience **the progressive realisation of their rights within available resources**.
- An accountable state addresses these needs through **five public resource management processes**. Oversight is *Process 5* within the Public Resource Management Framework.
 - The **right to social accountability** asserts:
 - a) that every state is obliged to ***justify and explain*** its decisions and actions in this regard to its citizens as a matter of course and to take timely **corrective action** where weaknesses are identified.
 - b) that all citizens have the right to demand these ***justifications and explanations*** and ***corrective action*** from the state when it fails to provide them adequately.

The Social Accountability System



2.2 Monitoring Oversight within an SA System

Strategic Planning

Full Council

- Facilitate citizen participation in the planning process
- Review /LGA plans prior to approving them
- Evaluate strategic objectives and activities contained in strategic plans, against prioritised human needs



- Only approve budget allocations on the basis of a rigorous needs analysis, and a detailed, costed and realistic strategic plan – is the plan relevant and effectively budgeted for?
- Any major changes to the approved plan must be brought back to Full Council for approval.

2.2 Monitoring Oversight within an SA System

Strategic Planning

Audit

- There must be a strategy to address findings and recommendations contained in NAO and internal audit reports. This strategy is articulated in an Annual Audit Plan *See Public Finance Regulations 2003*).
- The Full Council and Council Parliamentary/Full Council Committees should ensure that Annual Audit Plans exist and that they adequately address all previous audit findings..

2.2 Monitoring Oversight within an SA System

Resource Allocation

The Full Council/Parliament

- Facilitates citizen participation in budget decision-making
- Reviews LGA budgets prior to approving them (No rubberstamping!)
- Interrogates the strategic allocation of resources contained in budgets against prioritised human needs



- Should only approve budget allocations on the basis of a rigorous needs analysis, and a detailed, costed and realistic strategic plan – is the plan relevant and effectively budgeted for?

2.2 Monitoring Oversight within an SA System

Resource Allocation

NAO

- Plays no direct oversight role during the resource allocation process, *but*
- Findings and recommendations contained in audit reports may influence either Parliament or the Full Council's approval of a budget
 - E.g. absent internal financial controls
 - Audit findings and recommendations may relate directly to resource allocation issues
 - E.g. approved vs. disbursed funds
- Parliament and Council Committees should therefore consult with the relevant members of the NAO to:
 - Determine whether audit recommendations are optimally addressed in proposed budgets
 - Ensure that allocation of resources is balanced by an accurate and phased prediction of revenue to be raised

2.2 Monitoring Oversight within an SA System Expenditure Management

Full Council/Parliament and Committees

- Should hold LGAs to account for their financial performance throughout the financial year
- Should continuously monitor the systemic environment in which expenditure occurs and should ensure that systemic weaknesses are identified and addressed appropriately and in a timely manner
- Committees should put in place, monitor and periodically review follow-up plans to ensure that
 - All their findings and recommendations are responded to and implemented by the executive and all government institutions.
 - Timely and appropriate preventive and corrective action is taken in all cases of potential and/or actual financial misconduct.
 - Ensure that allocation of resources is balanced by an accurate and phased prediction of revenue to be raised

2.2 Monitoring Oversight within an SA System Expenditure Management

National Audit Office

- The CAG is responsible for auditing government financial statements
- CAG mandate:
 - Determine whether financial reports fairly represent the state of government's financial affairs
 - Express an opinion on those financial statements and government's compliance with any applicable legislative provisions
- CAG reports should be the most reliable source of information on LGA's expenditure management
 - Depends on rigour, capacity and degree of independence within the NAO.

2.2 Monitoring Oversight within an SA System

Expenditure Management

Committees

- **Local Authorities Accounts Committee** is the Committee responsible for scrutinising and making recommendations on public expenditure.
- Responsible for receiving and making recommendations on the Supreme Audit Institution's report



Should make evaluate the systemic environment for EM. Including procurement processes and supply chain management



Should interrogate all instances relating to irregular, fruitless and wasteful expenditure



Should assess the functioning of internal control systems

- Including fraud prevention, financial management systems and personnel management systems



Should interrogate and evaluate all instances where expenditure is not in accordance with the budget, relevant legislation, regulations or guidelines

2.2 Monitoring Oversight within an SA System Performance Management

LAAC

may, among other things, focus on:

- The functioning of risk management systems
 - Including fraud prevention, financial management systems and personnel management systems

Sector-related Standing Committees

may focus on:

- The technical quality of the Year-end Report
- Whether the LGA reports on each performance target specified in its strategic plan and budget
- The quality of performance information
- The economy, efficiency and effectiveness of service delivery as measured by performance indicators presented in the Year-end Report
- The equity of service delivery

2.2 Monitoring Oversight within an SA System Performance Management

Full Council

- Full Council approves Plan and should therefore hold LGAs to account for their service delivery commitments as set out in approved strategic plans.
 - Demand justifications and explanation as appropriate
- Full Council and its committees should continuously monitor the systemic environment in which plans are implemented and should ensure that any risks are identified and mitigated where possible appropriately and in a timely manner
- Committees should put in place, monitor and periodically review follow-up plans to ensure that
 - All their findings and recommendations are responded to and implemented.
 - Timely appropriate preventive and corrective action is taken in all cases where the systemic environment for optimum service delivery is compromised.

2.2 Monitoring Oversight within an SA System Performance Management

Full Council

- **Parliamentary/Full Council Committees** should, on completion of their evaluation of the Annual Report:
 - Hold oversight hearings
 - Discuss their concerns with the LGA, experts and stakeholders
 - Produce a report on the Annual Report having assessed:
 - Compliance with relevant legislation and regulations
 - Recommendations for appropriate sanctions where Ministers and/or Administrative Heads have failed to fulfil their reporting obligations
 - The human resource situation and policies, as discussed in the Year
 - The functioning of internal controls and of the Audit Committee
 - LGA's reported performance, as reflected in the Annual Report
 - Comparison between reports and actual service delivery on the ground.
- The Annual Report should be tabled
- Parliamentary/Full Council Committees should put a follow-up plan in place to track LGA responses to their recommendations and any resulting actions.

2.2 Monitoring Oversight within an SA System Performance Management

National Audit Office

- Performance auditing evaluates measures implemented in order to ensure that resources are procured economically and used efficiently and effectively
- A performance audit of overall management arrangements will typically address, such things as:
 - The systemic environment for service delivery
 - Steps aimed at improving value for money, efficiency, and effectiveness
 - Proper assignment of responsibilities, powers and accountability
 - Measures to monitor results against strategic plan objectives and performance standards
 - A needs analysis has planning and budget allocation decisions
- Performance audits are not undertaken by the NAO as a matter of course
 - NAO chooses sample areas for performance audit each year
 - When undertaken, performance audits produce a wealth of information that can be used to evaluate Performance Management

2.2 Monitoring Oversight within an SA System

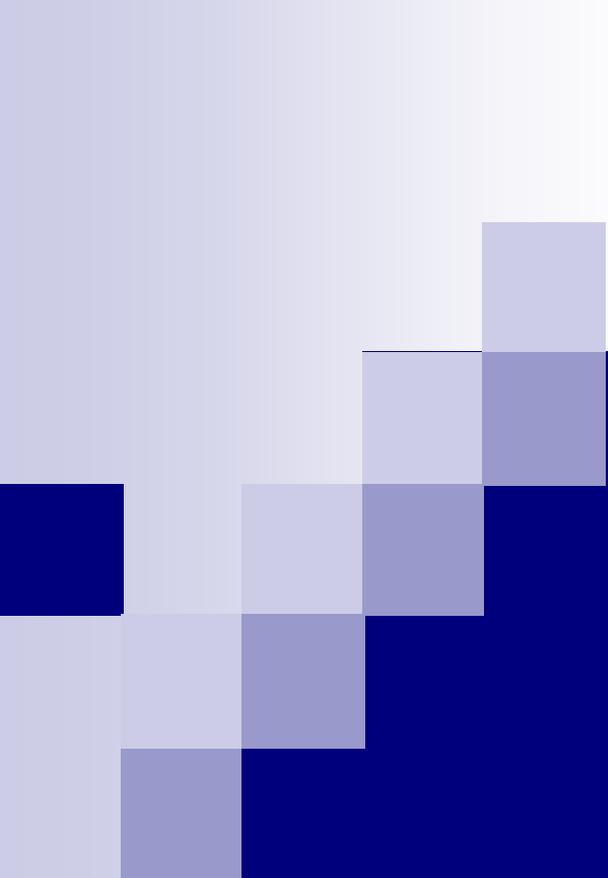
Public Integrity Management

Parliament/Full Council/Ethics Secretariat

- MPs and Councilors sitting on oversight committees have:
 - Duty to provide mechanisms to ensure that all executive organs of state in the national and sub-national spheres of government are accountable to them
 - Oversight bodies should be able to call the executive and any public official to account for their performance
 - Where necessary, should ensure the implementation of disciplinary or corrective action

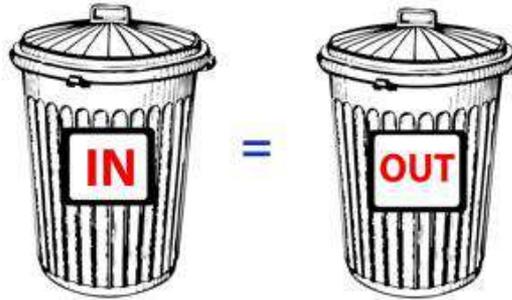
NAO

- The NAO has access to information which is not publicly available - the CAG report is a valuable source of information and evidence which may identify public integrity issues, prompting further investigation and corrective action.
- May initiate a forensic audit where certain issues require in-depth investigation.



Three Points ...to remember!

1.

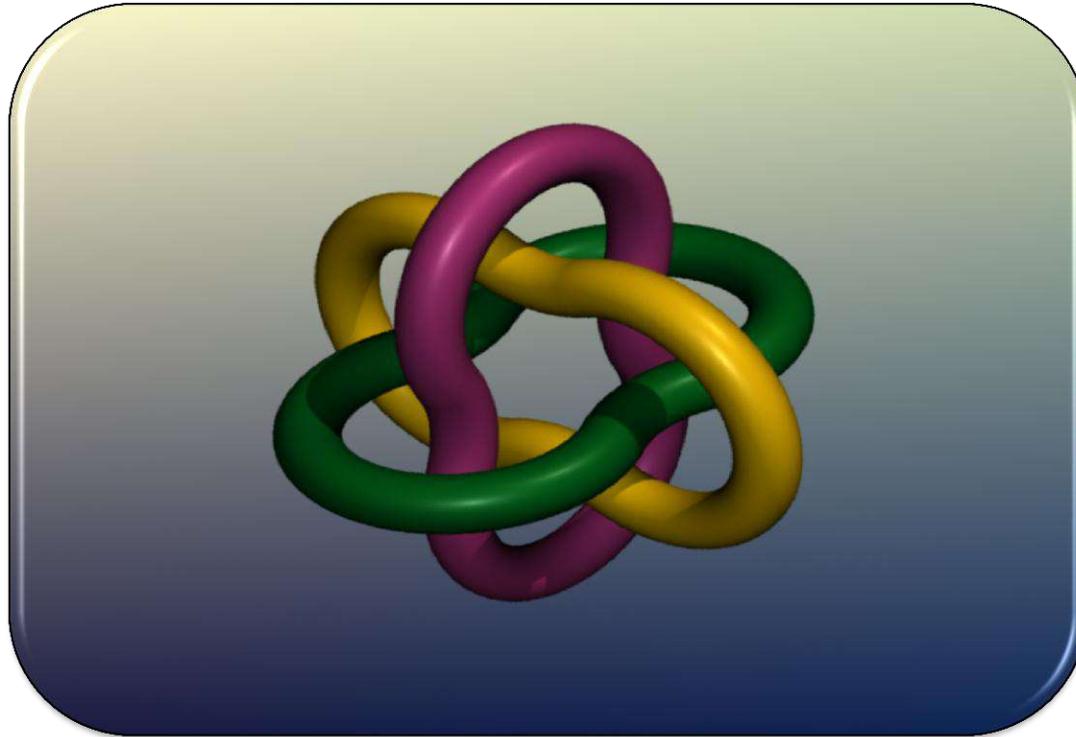


Oversight will only be effective if the information obtained by oversight bodies is accurate, rigorous, understandable, relevant, up-to-date and received in a timely manner.

The onus is therefore on the other processes in the social accountability system to ensure that the best information possible is produced to enable effective oversight.

The 'garbage-in-garbage-out' principle applies to the oversight function as well.

2.



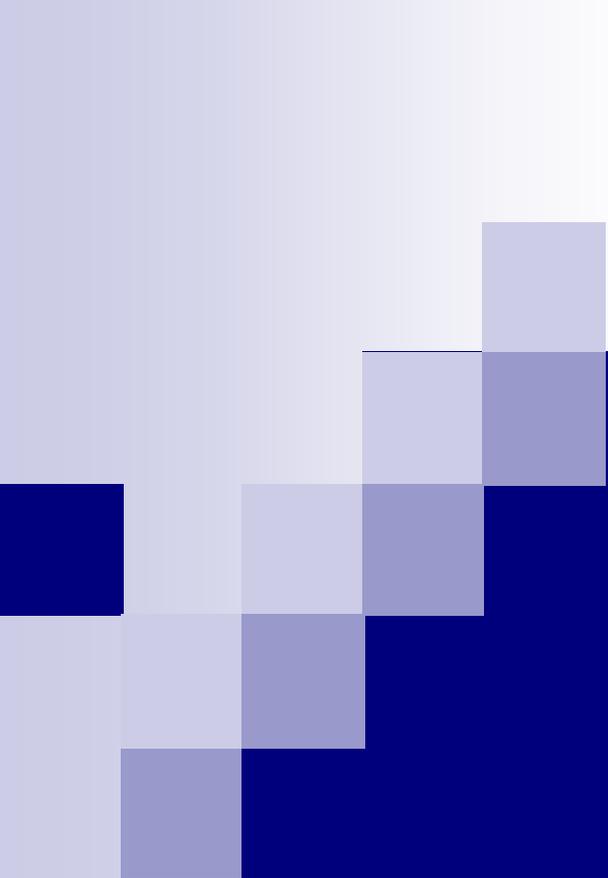
In addition to overseeing each of the other 4 processes, the oversight function is also responsible for overseeing that the various processes interact effectively to result in a well-functioning, integrated social accountability system.

3.



The oversight function can only be effective if it has the power to ensure that its findings and recommendations are implemented by the Executive to improve the effectiveness of the other 4 processes.

- A two-way process



Part 3

Requirements for an Effective Oversight Process

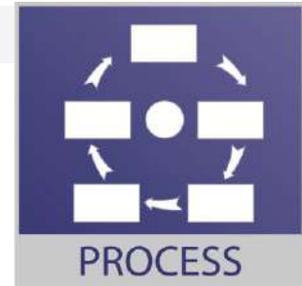
Requirements for Effective Oversight

- 3.1 General requirements
- 3.2 Key role-players
- 3.3 Information outputs
- 3.4 Accountability to Oversight timeline

3.1 General Requirements

- Unlike the other processes, oversight is not strictly a process as such but a crosscutting function that enables and ensures the effective execution of the other four processes.
- For the oversight function to effectively fulfil its purpose in ensuring the progressive realisation of socioeconomic rights:
 - A number of institutions must be in place and must produce outputs at the various steps of the public resource management cycle.
 - A number of institutional and environmental conditions must exist to enable these institutions to effectively oversee the performance of the oversight function

3.1 General Requirements



Constitutional and Legislative Mandate

- The mandate and purpose of oversight bodies should be enshrined in law.
- For oversight to have an impact on the functioning of government, the law needs to require the Executive to be accountable to oversight bodies and should set out a regulatory and normative framework governing how this will take place.
- *In Tanzania, the powers of both the National Assembly and the National Audit office are enshrined in the Constitution.*



3.1 General Requirements

Powers enshrined in law

- Legislatures and NAOs should be able to:
 - Request any information from departments
 - Call any public official to appear before it to account for the use of public funds
 - Require and enforce corrective action where officials
 - Fail to implement recommendations or resolutions of oversight bodies or
 - Fail to provide adequate justifications for why those recommendations or resolutions could not be implemented
 - *NB. In Tanzania this is their constitutional mandate.*
- The powers entrusted to oversight bodies also need to be checked in order to ensure that they continue to represent the interests of citizens throughout their term of office.

3.1 General Requirements

Resources and capacity

- When documents are tabled before Parliament/Legislature, they should have sufficient time to engage with documents
- Oversight bodies should have the freedom to summon anyone within or outside government relevant to their oversight function
 - Demand justifications and explanations
- Should be able to access in-depth independent knowledge and expertise relating to the functioning of government
 - Can be outsourced if necessary
- Should only make considered recommendations after rigorous scrutiny of the evidence and careful deliberation.
 - No rubberstamping!
- Should have guaranteed and adequate human, material and financial resources to perform their functions effectively and independently.
- *The Public Audit Act of 2008 addresses these issues for the NAO.*

3.1 General Requirements

Specialised Committee System in Legislature

- The diversity within the legislature, its size, and its partisan / political nature make it an unwieldy instrument for effective scrutiny of government performance.
- Parliamentary oversight committees are an instrument of the legislature to check the activities of government.
 - Used to provide the legislature with in-depth scrutiny of specific issues
 - Should be free to operate without interference or influence from government
 - Should be non-partisan in performing their role.
 - Should have the power to compel government to act on their recommendations.

See www.parliament.go.tz for information on the Parliamentary Committee system in Tanzania.

Transparency

- The outcome of hearings, where service delivery departments are held to account, should be available to the public
- Hansards should be recorded and made publicly available in a timely manner.
- Committee findings and recommendations, and responses of officials, should be published and made publicly available
- Audit reports should also be published and made publicly available

For audit reports in Tanzania see www.nao.go.tz.

3.1 General Requirements

A democratic political system

- In a democratic context Members of Parliament/Legislature must be elected
- Accountable to the public for their performance in:
 - Holding the executive to account
 - In passing legislation, and
 - In facilitating public participation in democratic processes
- Elected for a limited term, at the end of which parliamentary elections should again be held
- *See URT Constitution for an outline of Tanzania's electoral system.*

Institutional and professional Independence

- Critical for effective oversight
- Constitutional/legislative separation of powers
- Political will on the part of oversight bodies to fulfil their oversight role
- Ultimately, effectiveness of oversight bodies requires that their functioning has an impact on how government performs its role:
 - Should have the authority to require that recommendations are implemented, unless public officials justify why recommendations cannot be implemented
- *In TZ this has been strengthened by the Public Audit Act of 2008.*



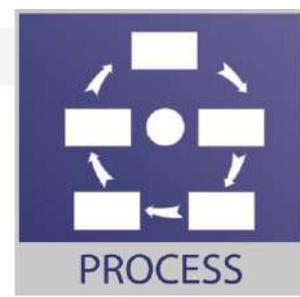
3.2 Key Role Players

- **Parliament/Full Council and Parliamentary/Full Council Committees** – responsible for holding the LGA to account for the use of public resources and the implementation of an effective accountability system
- **National Audit Officer (NAO)** – responsible for auditing LGA’s financial statements and performance reports
- **Accountant General (MOFEA) and PMO-RALG** – responsible for oversight of the LGA’s implementation of the budget and strategic plan and for reporting to oversight bodies
- **Audit committees** – (more an advisory function with some oversight responsibilities) responsible for evaluating risk-management throughout the financial year; responsible for reporting any potential problems to the Administrative Head of Department. Also submits reports to the NAO.
- **Accounting Officers** - responsible for providing oversight bodies with required information on the implementation of effective and efficient accountability and service delivery processes; also responsible for implementing recommendations of oversight bodies and instituting corrective action where necessary.
- **Civic actors and interest groups** – responsible for monitoring accountability of the executive to oversight bodies; also responsible for monitoring the effectiveness of oversight bodies

3.2 Key Role Players

■ Supreme Audit Institutions

- The primary role of a NAO is to independently audit government institutions.
 - The purpose of an audit is to advise users on the degree of confidence they should have in an entity's management and financial statements.
 - 3 main types of audit are performed on governments
 - **Regularity (Financial) Audits**
 - An independent assessment, resulting in an opinion, of whether an entity's reported financial condition, results, and use of resources are presented fairly in accordance with the financial reporting framework.
 - **Performance Audits**
 - An assessment of the economy, efficiency and effectiveness with which the audited entity uses its resources in carrying out its responsibilities, also known as Value for Money Audit.
 - **Forensic Audits**
 - evaluation of an audited entity's financial information to inform a decision on whether to refer the case to the law



3.2 Key Role Players

Legislature - Parliament/Full Council

Approves strategic plans and budgets. Holds the executive to account for the implementation of these plans and budgets; should monitor expenditure, performance and integrity management throughout the financial year.

- The Legislature should have the authority to:
 - Summon any person to appear before it to give evidence on oath or affirmation or to produce documents
 - Require any institution or person to report to it
 - Compel any person or institution, in terms of national legislation or the rules and orders of national or sub-national legislatures, to comply with a summons to appear before them or to produce documents before them
 - Receive petitions, representations or submissions from any interested persons or institution
 - Undertake site visits to monitor service delivery
 - Conduct public hearings

- **Committees of the Legislature** derive their mandate from the Legislature and must report to the legislatures on all their findings and recommendations

3.2 Key Role Players

Committees of the National Assembly /Full Council

- **Role of Sector-specific Parliamentary/Full Council Committees**
 - To consider any matter related to its sector mandate and report to the house its findings;
 - To oversee, recommend for approval, and monitor implementation of departmental budget votes,
 - oversee the work of the government institution for which they are responsible,
 - enquire and make recommendations about any aspect of the institution, including its structure, performance and policy.

3.2 Key Role Players

- **Role of Public Accounts Committees (PAC, LAAC, and PCAC)**
 - To scrutinize Government expenditure, Government Financial Year Accounts and any other accounts presented to the Assembly as the Committee deems fit;
 - To scrutinizing Government Finance and any report of the Controller and Auditor General, to see that:-
 - Moneys reflected in the estimates of expenditure are expended as authorized; and
 - Expenditures were duly authorized by appropriate Authority under existing accounting procedure;
 - To scrutinize all such accounts in respect of which inspection is conducted by the Controller and Auditor General under a Presidential directive or any existing law;
 - To give its opinions as it deems fit after conducting examination on the utilization of supplementary funds allocated for the financial year concerned



3.2 Other participants in the Oversight Process

- **Commission for Human Rights and Good Governance (CHRGG)**
 - Provided for by the constitution or by action of the Legislature. Headed by an independent, high-level public official accountable to the Legislature.
 - Receives complaints from aggrieved persons against government agencies, officials and employees; the National Ombudsman may act on his own motion, and has the power to investigate, recommend corrective action and issue reports.

- **Prevention and Combatting of Corruption Bureau (PCCB)**
 - Responsible for coordinating the development and implementation of anti-corruption strategies.
 - Investigate, report on and prosecute corruption allegations.
 - Educate the public on ways to fight corruption in communities.



3.2 Other participants in the Oversight Process

- **Independent Regulatory Authorities** (eg. PPRA, EWURA, TFDA etc)
 - Public authority or government agency responsible for exercising autonomous authority over some area of human activity in a regulatory or supervisory capacity.
- **Law Enforcement Institutions**
 - Police
- **The Judiciary**
 - Ensures that both the executive and the Legislature remain within their constitutional and legal mandate in performing their duties.
 - Determines corrective action when impropriety identified by oversight bodies is of a legal nature and ensures that the legal rights of all parties are protected.
- **The Media**

3.3 Information requirements



- The following information outputs should be generated by an effective oversight system and made available to the public:
- **Supreme Audit Institutions**
 - External audit reports
 - Internal audit reports
 - In-year and year-end oversight reports by Internal Audit Committee
- **Legislatures**
 - Hansard
 - Recommendations and findings of oversight committee hearings,
 - Report on responses to the recommendations made by oversight committees

Legend For Process 5 Diagram

Dark Blue

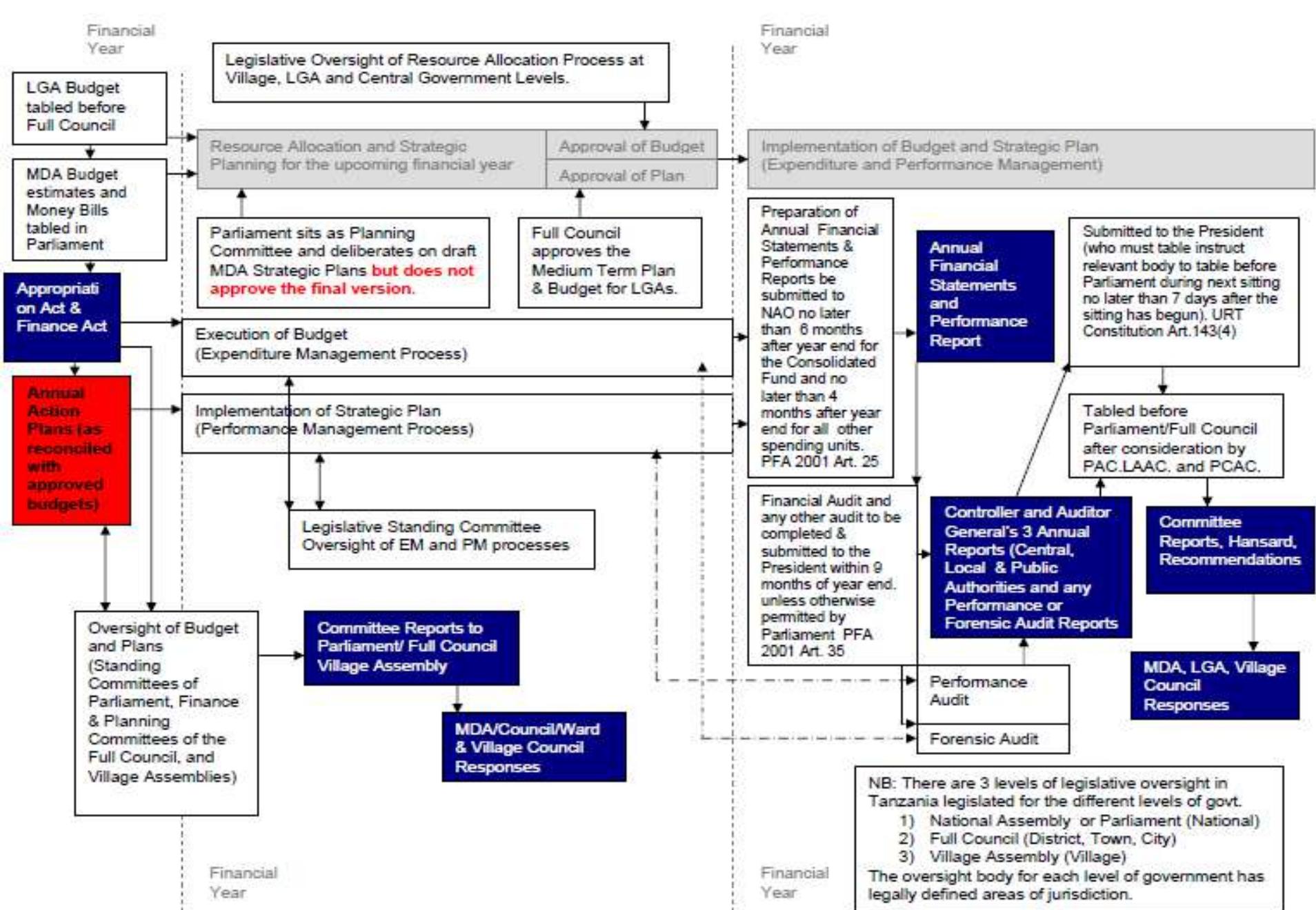
- Documents relating to the Oversight Process

Red

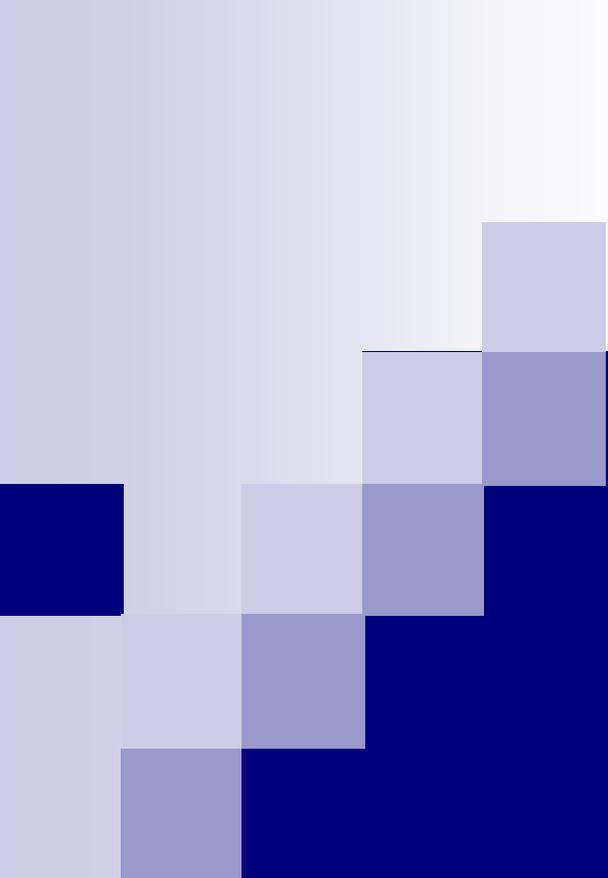
- Anything relating solely to Strategic Planning.

White

- Steps in the Public Integrity Management Process



Process 5: Accountability to Oversight - Tanzania



Part 4

What to look for in Oversight documents

Understanding and Applying the Legislative Framework



Legislature and Supreme Audit Institution

Tool: Identify and understand the legislative framework from which Legislature and the Supreme Audit Institution derive their mandate and powers.

Which Tanzanian laws or regulations apply to the following situations? ([Using your guide to Tanzanian Legislation](#))

1. The Accounting Officer of an LGA fails to provide the NAO with a complete set of financial statements within 4 months of the end of the financial year.
2. You want to ascertain whether or not the financial statements submitted to the CAG by the Accountant are complete.
3. A Member of Parliament fails to submit a declaration of assets within 30 days of taking office..

Oversight of Strategic Planning



Legislature

Tool: Evaluate the quality of parliamentary oversight in the strategic planning process during the year under review

Key questions:

1. Is there evidence of the Parliamentary/Full Council Committee's oversight of the development of the strategic plan for the year under review?
2. Did the Parliamentary/Full Council Committee evaluate the needs analysis of the LGA's strategic plan for the year under review and make recommendations accordingly?

Oversight of Strategic Planning



Supreme Audit Institution (NAO)

Tool: Evaluate the responsiveness to NAO's findings and recommendations in the strategic planning process for the year under review

Key questions:

1. Did the strategic plan for the year under review contain strategies to address the findings and recommendations of the NAO in previous years?
2. Is there evidence of the Parliamentary/Full Council Committee's engagement with the NAO to determine whether plans adequately respond to audit findings and recommendations?

Oversight of Resource Allocation



Legislature

Tool: Evaluate the quality of parliamentary oversight of the resource allocation process during the year under review

Key questions:

1. Is there evidence of the Parliamentary/Full Council Committee's oversight of the development of the budget for the year under review?
2. Did the Parliamentary/Full Council Committee evaluate whether budget allocations for the year under review are based on a rigorous needs analysis and make recommendations accordingly?

Oversight of Resource Allocation



Legislature

Tool: Evaluate the quality of parliamentary oversight of the resource allocation process during the year under review

Refer to the LAAC Report for the year ending. June 2010.

1. Does it say anything about the disbursement of development funds?
2. Did the LAAC recommend any corrective action in relation to this problem? If so, what was it?
3. What does this reveal to us about the interconnectedness between resource allocation and expenditure management?
4. Will the corrective action recommended here address some of the findings in the 4th Qt CCHP Report? If so, how?

Oversight of Resource Allocation



Supreme Audit Institution

Tool: Evaluate the quality of the use of NAO findings and recommendations in the resource allocation process for the year under review

Key questions:

1. Is there evidence that NAO's findings and recommendations influenced the recommendations of the Parliamentary/Full Council Committee relating to budget allocations for the year under review?
2. Is there evidence that the Parliamentary/Full Council Committee engaged with the NAO report to determine whether the LGA has the capacity to spend the requested budget in an effective and accountable manner?

Oversight of Expenditure Management



Legislature

Tool: Evaluate the quality of parliamentary oversight of the expenditure management process during the year under review

Key questions:

1. Is there evidence that the Parliamentary/Full Council Committee monitored and made recommendations relating to financial performance of the LGA during the year under review?
2. Is there evidence that the Parliamentary/Full Council Committee took steps to ensure that their in-year recommendations relating to financial performance were responded to and implemented?

Oversight of Expenditure Management



Legislature

Tool: Evaluate the quality of parliamentary oversight of the expenditure management process during the year under review

Refer to the LAAC Report for the year ending. June 2010.

1. Does it say anything about the presence of ghost workers in a number of district councils?
2. According to the LAAC, what is the amount that was paid to ghost workers in 2009/10? How many classrooms could have been built with this money?.
3. Did the LAAC recommend any corrective action in relation to the problem of ghost workers? If so, what was it?
4. What are the implications of this for:
 - a) Expenditure Management?
 - b) Performance Management?

Oversight of Expenditure Management



Supreme Audit Institution

Tool: Evaluate the quality of the NAO's auditing of financial reports during the year under review

Key questions:

1. Did the NAO comply with relevant constitutional and legislative provisions, as well as International Standards on Auditing in its audit of the LGA's financial reports during the year under review?
2. Did the NAO determine whether the LGA's financial reports fairly represent its financial affairs?
3. Did the NAO express an opinion on the LGA's financial statements and compliance with any applicable legislative provisions?

Oversight of Expenditure Management



Supreme Audit Institution

Tool: Evaluate the quality of the NAO's auditing of financial reports during the year under review

Refer to the SDC CAG Report - page 23

Compare the total budget allocations on page 23 with those on page 24.

- Do you notice anything strange?
- Is there any explanation for it in the rest of the CAG report?

Oversight of Performance Management



Legislature

Tool: Evaluate the quality of parliamentary oversight of the performance management process during the year under review

Key questions:

1. Did the Parliamentary/Full Council Committee oversee the implementation of the LGA's strategic plan during the year under review and make appropriate recommendations?
2. Did the LGA address the previous financial year's Parliamentary/Full Council Committee findings and recommendations on service delivery and account to the committee as required?
3. Did the LGA address the in-year Parliamentary/Full Council Committee findings and recommendations on service delivery during the year under review and account to the committee as required?
4. Did the Parliamentary/Full Council Committee make appropriate recommendations relating to the quality of performance reporting?

Oversight of Performance Management



Supreme Audit Institution

Tool: Evaluate the quality of the NAO's performance audit and its use during the year under review

Key questions:

1. Did the NAO report on performance of the LGA covering the following areas:
 - Systems for planning, budgeting, authorisation and the control and evaluation of revenue, expenditure and resource allocation
 - Steps aimed at improving economy, efficiency, and effectiveness
 - Proper assignment of responsibilities, powers and accountability
 - Measures to monitor results against predetermined objectives and performance standards
 - Whether policy objectives are based on adequate and reliable financial and other information
2. Did the LGA address the NAO's findings and recommendations on performance management and service delivery from previous financial years?

Oversight of Public Integrity Management



- Two key oversight questions asked in evaluating public integrity management:
 - *Was corrective action taken in response to all instances involving the ineffective use or abuse of public resources by duty-bearers?*
 - *Did duty-bearers effectively implement all institutional mechanisms designed to prevent the ineffective use or abuse of public resources ?*

Oversight of Public Integrity Management



Legislature and Supreme Audit Institution

Tool: Evaluate the quality and use of parliamentary and NAO oversight of the public integrity management process during the year under review

Key questions:

1. Did the Parliamentary/Full Council Committee demand any corrective action for the year under review?
2. Did the Parliamentary/Full Council Committee demand justifications and explanations for any failure to implement disciplinary or corrective action in the LGA during the year under review?
3. Did the NAO make recommendations related to public integrity management mechanisms in the LGA during the year under review? Did it conduct a forensic audit where this was required?
4. Did the LGA address previous recommendations of the NAO and Parliamentary/Full Council Committee related to public integrity mechanisms, and account to the Parliamentary/Full Council Committee where required to?

Oversight of Public Integrity Management



Legislature

Tool: Evaluate the quality and use of parliamentary oversight of the public integrity management process during the year under review

Refer to the LAAC report pages 8 – 14, the section entitled *Matokeo ya Taarifa za Ukaguzi na Ziara za Kamati*

- Read recommendation 3.1.1. What does LAAC say about the transfer of officials who are suspected of misconduct?
- What does the report say about government responses to its findings?

Oversight of SAS coherence



Legislature and Supreme Audit Institution

Tool: Evaluate the quality and use of parliamentary and NAO oversight of the integration of the processes of the SAS during the year under review.

Key questions:

1. Did the Parliamentary/Full Council Committee NAO have findings around and make any recommendations related to how any process(es) influenced any other process(es)?
2. Did the LGA address previous recommendations of the Parliamentary/Full Council Committee and NAO related to how the different processes were affecting each other, and account to the Parliamentary/Full Council Committee where required to?

Session 10

What we have in this session:

1. What is Oversight?
2. Why monitor Oversight?
3. Requirements for an effective Oversight process
4. What to look for in Oversight documents