

THE UNITED REPUBLIC OF TANZANIA



**PRESIDENT'S OFFICE
REGIONAL ADMINISTRATION AND
LOCAL GOVERNMENT**

**GUIDELINES FOR LOCAL
GOVERNMENT AUTHORITIES ON THE USE
OF FUNDS FOR RESTRUCTURING ACTIVITIES**

DECEMBER, 2003

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1.0 FRAMEWORK FOR FUNDING PROVISION

- 1.1 The Local Government Reform Programme provides financial support to all reforming Local Government Authorities (LGAs) to be used for restructuring activities, minor works and purchase of office equipment.
- 1.2 LGAs must produce Approved Action Plans and Budgets, and ensure that the funds are spent on the activities set out therein.
- 1.3 The release of any fund is conditional upon strict adherence to the requirements contained in these guidelines.

2.0 ACTIVITIES TO BE FUNDED

The LGRP will provide funds to each reforming LGAs for two sets of activities:-

2.1 *Restructuring Activities*

LGRP will provide funds to reforming LGAs to support the costs associated with the restructuring process. These funds are available to cover costs related to the steps outlined in the Restructuring Manual, including:-

- Explanation on the use of the Restructuring Manual
- Workshops, e.g. Stakeholders
- Council Reform Team meetings
- Data collection
- Report preparation
- External assistance for some restructuring steps
- Supervision visits

2.2 *Minor Works and Office Equipment*

The fund to be provided to each reforming LGA under this item will be used for upgrading the working environment and working facilities. The upgrading is intended to promote better working environment and facilities. It will be used to acquire fixed and movable assets such as:

- Computers
- Photocopiers
- Office furniture
- Minor refurbishment

The fund is not intended for purchasing expensive items like cars etc. or undertaking major repair/renovations.

3.0 THE FUNDING SYSTEM

- 3.1 These funds are budgeted by the Local Government Reform Team in its Action Plans and Budgets. Each reforming LGA will be eligible to receive an average of about TZS. 80 million over the reforming period for the above purposes. In addition, LGAs will be expected to include other reform activities to be funded from own sources of income.
- 3.2 Funds will be issued from the LGRP Common Basket Fund by the LGRT to LGAs through Zonal Reform Teams (ZRTs) in the form of grants. These funds will be earmarked to one of the two sets of reform activities, listed in Section 2 above, according to an Approved Action Plan and Budget (see Section 4). The size of the grant will be determined by *the cost of activities* in the Approved Plan.
- 3.3 Funds received by LGAs for local government reform will be treated in the same way as funds for development projects of the Council. Each LGA will have to develop a reform plan and budget for the use of these funds (see Section 4). The Action Plan and Budget should be approved by the Council and the LGRT.
- 3.4 The approved budgets will specify the main budget lines, and thereafter all reforming LGAs will be expected to adhere to them.
- 3.5 Each LGA will have to report on both physical and financial progress to the satisfaction of the LGRT in order to secure continuing timely release of these funds. All disbursements will therefore be subject to satisfactory accounting of the previous disbursements.
- 3.6 Balance of the unspent amount will be retained by the LGAs to be used against any deficit in the following steps. Alternatively approval for reallocation has to be secured from the LGRT through ZRTs. All reallocations will however have to qualify under one of the earmarked two sets of reform activities as listed in section 2 above.

4.0 THE PLANNING AND BUDGETING PROCESS

- 4.1 The Council Reform Team will prepare an Action Plan and Budget that includes:
- Specification of outputs for each of the two sets of activities at 2.1 and 2.2
 - Clear cross-reference to the restructuring steps as set out in the LGAs Restructuring Manual
 - Details of the activities planned to produce these outputs
 - Detailed phasing and implementation schedules for the activities under each output
 - Input/cost schedules for each output

Attached as appendices 1 – 3 are sample forms for use in preparation of the Action Plans and Budgets

- 4.2 The Action Plan and Budget prepared by the Council Reform Team must be approved by the Finance, Administration and Planning/Finance and Administration Committee (and subsequently by the Full Council). The council Approved Action Plan and

Budget will be forwarded to the LGRT for approval through the ZRT (with comments).

4.3 *Budgeting guidelines:*

Basic cost items associated with the cost activities enumerated in paragraph 2.1 above will mainly include fuel costs, stationery, fare, printing/photocopying, sitting allowances, per diem and extra duty allowances. In computing these items, the Council Reform Teams will be guided by the following:

- Per diem allowances will be based on the existing Government rates applicable to the place;
- Sitting allowances will be paid to Councillors and members of the public at the rates for the particular Council as approved by the Minister responsible for Local Government;
- Extra duty allowance may be paid to the Council officials based on existing Government rates and on evidence that their inputs have actually occasioned additional work which has also been carried out to an acceptable standard of performance;
- Actual cost of stationery/printing/photocopying applicable to that particular Council/place;
- Actual cost of fuel/fare.

4.4 *Note on allowances*

In terms of allocation of allowances to CRTs members and others, it should be noted that these will only be approved if the restructuring process is manifestly progressing.

5.0 **ROLES AND RESPONSIBILITIES**

5.1 *Roles at LGA level*

- The Council Reform Team is responsible for spearheading the reform process at LGA level
- The Council Director (CD) will be the Accounting Officer for all LGRP Common Basket Funds issued to the LGA for the LG reform activities, and will see to it that reform activities are carried out as per the approved plans
- The Council Treasurer (CT) will carry out the normal accounting functions as set out in the LG Financial Memorandum, with regard to restructuring activities, minor works and procurement of office equipment funds. Specifically, the CT will be responsible for:
 - Setting up and maintaining a separate set of accounting records for the fund
 - Preparing timely reports
 - Facilitating audits

5.2 *Roles at the Regional Level*

The Regional Secretariats, as part of the President's Office, Regional Administration and Local Government will monitor the implementation trends and advise PO-RALG and LGA on the issues that require their attention so as to facilitate smooth implementation of the reform.

5.3 *Roles of the Zonal Reform Teams*

The Zonal Reform Teams are the main extension arm of the LGRT and as such, will be actively engaged in providing ongoing technical support and training to the CRTs and monitoring the expenditure of funds issued to LGAs. They will prepare summary physical and financial progress reports and present them to the Regional Reform Coordinating Committee, the LGRT and will compile their own field reports on reform activities.

5.4 *Roles at the Central Level*

The Permanent Secretary (PS) , *PO-RALG*, is the accounting officer for the LGRP Common Basket Fund. The Programme Manager, LGRT, on behalf of the PS, is responsible for the day to day management of the CBF, and must ensure that the laid down procedures are followed with regard to CBF funds allocated to the Councils. The Programme Manager and the LGRT will be responsible for ensuring that the performance of the LGAs in implementing reform activities is monitored. This will involve:

- Scrutinizing Council Reform Plans and Budgets and field reports received from the Zonal Reform Teams
- Scrutinizing physical and financial reports received from reforming councils to ensure that the funds are spent according to the LGRP Financial Management Manual, and the Approved Actions Plans and Budgets
- Preparing summary reports on the physical and financial performance of individual LGAs.

6.0 **BANKING ARRANGEMENTS**

- 6.1 The provisions of the Local Authority Financial Memorandum shall apply with respect to banking arrangements. LGRP Common Basket Funds transferred to councils will be deposited into respective councils' development bank accounts. A separate set of accounting records in particular a mini – cash book will however be maintained in order to facilitate preparation of separate set of financial reports. Reallocations, even on a temporary basis, between several funds maintained in the same development bank account and LGRP fund will not be allowed.

7.0 **PURCHASING PROCEDURE**

- 7.1 LGAs shall abide by the Public Procurement Act No. 3 of 2001 and the Local Authority Procurement Regulations - 2003 with respect to purchasing procedures. In addition, orders shall not be placed for goods, materials or services supplied to or executed for the council for the LG reform activities unless provision has been made in the approved LGA reform Action Plan and Budget.

8.0 **REPORTING**

- 8.1 The Council Director (CD) will prepare physical and financial progress reports and forward them to the LGRT through ZRTs. The reports shall among other things indicate the following:
- Analysis of payments falling under each activity
 - Remarks on physical progress of reform activities

- Comparison between approved budgets and actual expenditures for each activity
- Movement of reform funds by way of receipts, payments and running cash balances

Attached as appendices 4 – 5 are sample forms for use in preparation of the Physical and Financial Reports.

- 8.2 Councils will not receive further funding unless earlier disbursements have been properly accounted for through physical and financial progress reports. Those reports will have to be approved by the Council and the LGRT before the next disbursement. LGRT/ZRTs will reserve the right of suspending further disbursements in cases where retirement for the previous ones have not been done to their satisfaction.
- 8.3 The CD will also be responsible for maintaining and keeping all original supporting and accounting documents for audit purposes.

9.0 LIABILITIES AND DEBTS

- 9.1 LG reform activities must be run on a cash budget. This means that procurements and financial commitments should only be made when money has been transferred to the Council (see Section 7) by the LGRT or upon getting written approval from the Programme Manager, LGRP.

10.0 AUDITING

- 10.1 LGAs shall abide by the Local Authority Financial Memorandum with respect to auditing. In addition, special external audits, including performance audits may be carried out on LGRP funds as and when required.
- 10.2 The Controller and Auditor General is the External Auditor of LGRP Funds. In addition, the Common Basket Fund Steering Committee may, upon approval by CAG, appoint a special auditor to carry out an audit of LGRP funds utilized at LGA level. LGAs should at all times be able to furnish for audit the books of accounts, records or returns relating to LGA reform fund and financial statements.
- 10.3 In the event of audit queries, it is the responsibility of the CD to reply to the satisfaction of the auditors.
- 10.4 In the event of fraud or embezzlement of funds disbursed to LGAs, the Permanent Secretary, PO-RALG, will institute disciplinary or legal actions, or both, against the parties concerned. The Programme Manager, LGRP, has the authority to suspend further allocations from the Common Basket Fund until he is satisfied that the pre-conditions set out in Section 3 above have been adhered to.
- 10.5 The audit report will be an input in making decisions about further funding.

TIMEFRAME (SCHEDULE) FOR IMPLEMENTATION OF REFORM ACTIVITIES

Local Authority Period

CODE	OUTPUT/ACTIVITY	RESPONSIBLE	TIMEFRAME FOR IMPLEMENTATION				
			QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	YEAR 2
1.0	RESTRUCTURING PROCESS						
	♦						
	♦						
	♦						
	♦						
	♦						
	♦						
2.0	ACQUISITION OF EQUIPMENT/MINOR WORKS						
	♦						
	♦						
	♦						
	♦						
	♦						
	♦						

NB: Please shade/tick the relevant box

CONSOLIDATED BUDGET SHEET FOR REFORM ACTIVITIES

Local Authority Period

CODE	OUTPUT/ACTIVITY	RESPONSIBLE	TIMEFRAME FOR IMPLEMENTATION				
			QUARTER 1 TSHS.	QUARTER 2 TSHS.	QUARTER 3 TSHS.	QUARTER 4 TSHS.	TOTAL TSHS.
1.0	RESTRUCTURING						
	♦						
	♦						
	♦						
	♦						
	♦						
	♦						
2.0	ACQUISITION OF EQUIPMENT/MINOR WORKS						
	♦						
	♦						
	♦						
	♦						
	♦						
	♦						
	♦						
	TOTAL SHS.						

NB: Please shade/tick the relevant box

NOTE ...(WORKINGS FOR QUARTER/YEAR ...)

INPUT/ITEM	BASIS (e.g. Personal days, unit etc.)	QUANTITY	RATE TSHS.	AMOUNT TSHS.

LOCAL GOVERNMENT REFORM PROGRAMME

COUNCIL _____ Local Government Reform Fund

COUNCIL MINI CASH BOOK

Date	Description (Restructuring Step/Activity)	Bank			Reference		Analysis of Payment						
		Receipts	Payments	Balance	PV/ Receipt No.	Cheque No.	Extra duty allowance	Per diem	Workshop Costs	Consultancy/ Facilitation Fee	Stationery	Transport	Others

Comments:

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Prepared by _____ Date _____

Certified by _____ Date _____

Approved by _____ Date _____

ZRT Comments:

Name: Signature: Date:

LOCAL GOVERNMENT REFORM PROGRAMME

COUNCIL _____ Restructuring Fund Physical Progress Report for the period _____

Restructuring Step	Description of Physical Progress	Approved Budget	Actual Expenditure	Variance

Comments:

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Prepared by _____ Date _____

Certified by _____ Date _____

Approved by _____ Date _____

ZRT Comments:

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Name: Signature: Date: