



The Government of the Republic of South Sudan

Public Financial Management Manual for Local Governments

**Issued by the Ministry of Finance and Economic Planning
and the Local Government Board**

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LIST OF ABBREVIATIONS

BCPC	Boma Community Procurement Committee
BDC	Boma Development Committee
CBB	Community Based Budget
CBS	Cost Based Selection
CBTF	Capacity Building Trust Fund
CDG	County Development Grant
COA	Chart of Accounts
CPC	Community Procurement Committee
CSO	Civil Society Organisation
EDP	Electronic Data Processing
FM	Financial Management
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GF	General Fund
GRN	Goods Received Note
GRSS	Government of the Republic of Southern Sudan
ICRSS	Interim Constitution of the Republic of South Sudan
ICT	Information and Communication Technology
IFAC	International Financial Accounting Committee
IFB	Invitation for Bid
IFMS	Integrated Financial Management System
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ITB	Invitation to Bid
ITT	Invitation to Tender
PDG	Payam Development Grant
PFM	Public Financial Management
PFMS	Public Financial Management System
LG	Local Government
LGA	Local Government Act (2009)
LGB	Local Government Board
Dire	Local Purchase Order
LSSAI	Local Services Support Aid Instrument
MoFEP	Ministry of Finance and Economic Planning
OSR	Own Source Revenue
PDG	Payam Development Grant
PFM	Public Financial Management
PFMAA	Public Finance Management and Accountability Act
PIC	Project Implementation Committee
PO	Payment Order
QCBS	Quality Cost Based Selection
RFP	Request for Proposals
RSS	Republic of South Sudan
SSEPS	South Sudan Electronic Payroll System
SMoFEP	State Ministry of Finance
SMoLG	State Ministry of Local Government
SOW	Statement of Works
SSP	South Sudan Pound
TOR	Terms of Reference

GLOSSARY

Accounting basis	The accrual or cash basis of accounting as defined in the accrual basis International Public Sector Accounting Standards and the Cash Basis International Public Sector Accounting Standard.
Appropriation	An authorization granted by a legal body (e.g. the County Legislative Council) to allocate funds for purposes specified by the legislature or similar authority.
Approved budget	The expenditure authority derived from laws, appropriation bills, government ordinances and other decisions related to the anticipated revenue or receipts for the budgetary period
Assets	Resources controlled by a Local Government (LG) as a result of past events and from which future economic benefits or service potential are expected to flow to the entity All assets recorded in the LG PFM systems are economic assets (i.e. have value) over which ownership rights are enforced by the LG and from which economic benefits may be derived through holding them or using them over a period of time.
Block Council	The coordinative unit of a city or municipal council comprised of a number of quarter councils, which shall exercise delegated powers within the council.
Cash	Cash comprises cash on hand, demand deposits at bank and cash equivalents.
Cash basis of accounting	A basis of accounting that recognizes transactions and other events only when cash is received or paid.
Cash flow	An increase or decrease in cash resulting from transactions/operations of the LG i.e. cash flows is inflows and outflows of cash.
Chief administrator	The head administrative officer in a county, city, municipal or town council.
Council	Refers to County, City, Municipal or Town Council.
Expense	Decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets/equity.
Fiduciary risk	The risk that monies belonging to the LG are not used for the intended purposes; do not achieve value for money; and/or are not properly accounted for. The realisation of fiduciary risk can be due to a variety of factors, including lack of capacity, competency or knowledge; bureaucratic inefficiency; and/or active corruption.
Financial accounting	The classification and recording of monetary transactions of a LG in accordance with established concepts, accounting standards and legal requirements and presentation of a view of the effect of those transactions during and at the end of a financial year.
Fixed asset	Any asset, tangible or intangible, acquired for retention by the LG for the purpose of providing a service either to the LG administration itself or to the community
Grants	Assistance by government, the state or other organisations to a LG in form of cash or transfer of assets in return for compliance with certain conditions relating to the operations of the LG
Head of finance	The officer in charge of the finance section in a local government
IPSAS	IPSAS is an abbreviation for an International Public Sector Accounting Standard which is any of the accounting standards issued by the IFAC
Local Government	County, City, Municipal or Town Council.
Petty cash	A fund comprising a small amount of money held at hand within a LG specifically for making cash payments for small expenses when issuance of a formal voucher or cheque is not cost effective. It is replenished whenever it is used up
Regulatory framework	Legislation, accounting standards, financial regulations and guidelines issued by the central and state government, all of which govern the preparation of County financial statements
Revenue	The gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity of a LG.

PREAMBLE

The purpose of the Public Financial Management (PFM) Manual is to ensure that the Local Government finance function provides efficient, fast, accurate and complete financial information to the local government management team and to all other stakeholders on financial matters for proper direction and control of local governments.

The Manual will enable local government public financial management staff to efficiently and effectively conduct the financial matters, monitor the financial resources, account and report for those resources. It will guide the practitioners in decision-making through a coherent set of procedures and guidelines consistent with the Local Government Act 2009 and other relevant legislation, regulations and guidelines. This will improve the core financial activities and also ensure proper, transparent and clear accountability and shared understanding of the financial requirements and conditions of local governments.

The Manual provides comprehensive basic instructions to finance and accounts staff involved in processing of accounting information for accountability and reporting purposes. The procedures covered in the Manual relate to budgeting, receiving of revenue, making payments, recording, and preparing financial statements and reports for all levels of local government.

The authority to ensure compliance, implementation and interpretation of this Manual is vested in the Chief Administrator: the Executive Director for County Councils, the Chief Executive Officer for City and Municipal Councils, and the Town Clerk for Town Councils. The Head of Finance/Accounts in a local government shall be responsible for ensuring day-to-day implementation of the Manual.

The Local Government Public Financial Management Manual provides an explicit description of the organisation of the financial and accounting functions and describes the accounts and related systems, as well as the approved financial procedures, which are to be in place.

It is envisaged that the local government officers that conduct financial management, especially the Deputy Director of Finance and his/her staff, as well as the Budgeting/Planning officer, shall use the Manual as a reference document. The County Councils, City, Municipal and Town Councils are required to keep the following books of account:

- 1) Registers for payers of revenue to the local government
- 2) Treasury chest book (debit and credit)
- 3) Cashbook (bank account)
- 4) Budget control book
- 5) Fixed assets register
- 6) Accountant's register of receipts
- 7) Accountant's register of payments

This Manual has been designed under the auspices of Ministry of Finance and Economic Planning (MoFEP) and the Local Government Board (LGB) supported by the Capacity Building Trust Fund (CBTF). The LGB has already issued detailed Guidelines on Participatory Planning and Budgeting, which set out local government's responsibilities derived from the Local Government Act 2009. Similarly, the MoFEP has also issued Guidelines for Integrated State & County Planning and Budgeting which set out how the Counties planning and budget processes should be integrated with those of the State. The LG Public Financial Management Manual is not intended to replicate these guidelines, but rather to supplement them and moving a step further from the local government plan and budget, to budget execution procedures, accounting, reporting and audit as important elements of a Public Financial Management system. This Manual therefore, shall be read in conjunction with the planning and budgeting guidelines already issued by the LGB and MoFEP.

1. FINANCIAL ADMINISTRATION

1.1 Introduction

- 1.1.1 The PFM Manual shall apply to all financial transactions and businesses of all Local Government (LG) Councils.¹ The Manual provides policies and systems; procedures and forms for conducting PFM in LGs and will guide and regulate LG officials, especially those responsible for the finance and accounts, while performing their day-to-day work.
- 1.1.2 PFM is the system by which public financial resources are planned, directed and controlled to enable and influence the efficient delivery of public service goals. PFM comprises diverse functions including planning, budgeting, revenue collection, procurement, cash and commitment management, payments management, accounting, reporting and auditing etc.
- 1.1.3 The key objectives of PFM are to ensure that the funds and assets of the LG:
- Are used for the intended purposes;
 - Achieve value for money when spent;
 - Are properly recorded and fully accounted for.

1.2 Legal and Regulatory Framework for LG Financial Management

- 1.2.1 In practicing PFM, LG officials shall adhere and comply with the various legal and regulatory provisions as provided for in the following documents amongst others:
- a. The Public Finance Management and Accountability Act (PFMAA) 2011
 - b. The Local Government Act (LGA) 2009 – which must be read together with Article 59(2) (b) and Article 85 of the Interim Constitution of the Republic of South Sudan (ICRSS)
 - c. Draft Public Procurement Bill, consistent with the Interim Public Procurement & Disposal Regulations, 2006 (IPPDR)²
 - d. The Constitutions of the respective States in South Sudan;
 - e. The South Sudan Audit Chamber Act 2011
 - f. Guidelines issued by the MoFEP, State Ministry of Finance, other Government Agencies and Departments such as the Directorate of Procurement in the MoFEP
 - g. International Public Sector Accounting Standards (IPSAS)
 - h. Any other applicable laws, regulations and guidelines available in the Republic of South Sudan
- 1.2.2 A list of the main financial and accounting provisions derived from the PFMAA 2011 and the LGA 2009 is presented in **Appendix 1**.
- 1.2.3 Staff members from the finance/accounts section of a LG must ensure that they read these documents and grasp the key **financial and accounting provisions** prescribed therein. The Chief Administrator, through the Head of Finance/accounts, shall be responsible for ensuring that the key PFM legal documents are availed to members of staff to guide them in the day-to-day conduct of PFM tasks.
- 1.2.4 In addition to legal provisions, LG officials should comply with the generally accepted accounting principles as prescribed in the International Public Sector Accounting Standards (IPSAS) as required by the PFMAA 2011. Any one compiling accounting records for a LG or preparing its general-purpose financial reports should ensure that he/she knows and understands the Generally Accepted Accounting Principles (GAAP) as prescribed in the IPSAS. A list of the IPSAS is presented in **Appendix 1.2**.
- 1.2.5 Officials in LGs should also apply the relevant **accounting policies** during the conduct of PFM; these are the specific principles, basis, conventions, rules, and practices applied in preparing and presenting financial statements. The key accounting principles that LG

¹ County, City, Municipal and Town Councils

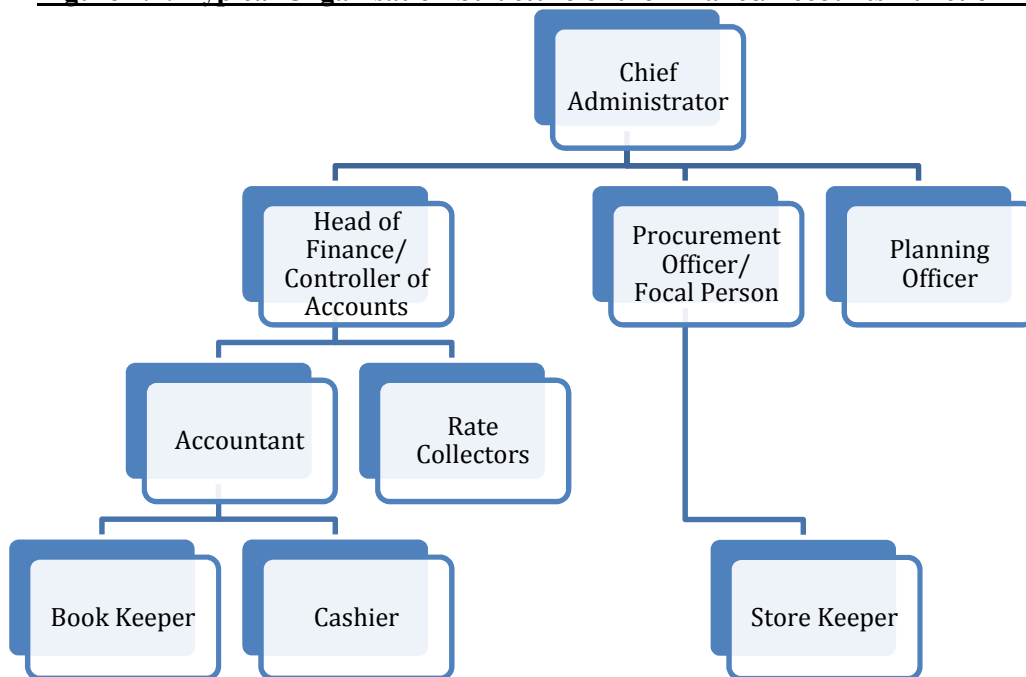
² At the time of drafting the Manual, the Public Procurement Bill was not yet approved. In anticipation of approval, the Manual has been drafted to be consistent with its provisions, and with the existing framework set out in the Interim Public Procurement & Disposal Regulations. In the event of any material changes to the Bill during its passage, the Manual will be updated and reissued.

officials should apply include legal compliance, basis of accounting, budgetary accounting, common classification and terminology, materiality, consistency, fair presentation, going concern and comparative information. For a short explanation of these policies refer to **Appendix 1.3**.

1.3 Organisational Arrangements for the Accounts/Finance section in a LG

1.3.1 The Chief Administrator shall put in place an efficient organisation structure with a clear chain of command and the segregation of responsibilities for handling key PFM tasks. The need for customisation to the needs of individual LGs notwithstanding, figure 1.1 below is a recommended typical organisation structure of the finance function of County, City, Municipal and Town Councils that would allow for an efficient allocation of tasks to members of staff within the finance section. The finance section is a service section to other LG departments/sections/units. All financial management issues and financial systems are the responsibility of the finance section.

Figure 1.1: Typical Organisation Structure of the Finance/Accounts Function in a LG



1.3.2 The PFM function at each LG should on a day-to-day basis be managed under the overall direction of the Chief Administrator through the Head of the Finance/Controller of Accounts, Planning Officer and Procurement Officer. These officers will be assisted by other finance officers as appropriate but may include Accountants, Cashiers, Bookkeepers, Store Keepers and Rate Collectors.

1.3.3 The Chief Administrator should ensure that a clear job allocation schedule is put in place for the various finance officers to effectively and efficiently handle all PFM tasks. Job descriptions for each role are set out at **Annex 1.4**. In deciding how to allocate tasks to individual finance officers, the following considerations should be taken into account:

- a. *Competence* of individuals to adequately handle the tasks being allocated;
- b. *Segregation of duties* to ensure that persons with responsibility over the custody of assets do not record the key accounting books (permanent record) of those assets;
- c. *That examination and checking* of all financial transactions and documents raised in respect of payments and revenue collection is allocated to a person who is independent of originally raising/writing the documents. A proposed job allocation schedule for the LG PFM staff is presented in **Appendix 1.4**

1.4 Financial Management and Internal Controls

1.4.1 The Chief Administrator shall be the Accounting Officer; the office manager should route all official correspondence on financial matters through him/her after registration.

1.4.2 The Chief Administrator shall establish sufficient Internal controls through the Head of Finance/Controller of Accounts to minimise financial/fiduciary risks; such controls shall include but not limited to:

- a. Approval and control of documents;
- b. Reconciliation Statements;
- c. Checks on arithmetical accuracy of records (e.g. by re-adding);
- d. Comparison of internal with external data;
- e. Maintenance and review of control accounts;
- f. Pre-numbering of payment orders;
- g. Quality Controls;
- h. Personnel procedures for recruiting and retaining employees;
- i. Performance statistics that check to ensure operations are running smoothly;
- j. Stated conflict of interest policy;
- k. Annual leave and job rotation.

1.4.3 In the course of handling financial management transactions, various records and documents are generated. Some documents, such as suppliers' invoices, will originate from outside the LG while others like payment orders and accountants' books will be generated internally. It is the responsibility of the Chief Administrator through the Head of Finance to ensure that sufficient documents are generated to cover every aspect of financial transactions of the LG.

1.4.4 The Chief Administrator should establish, through the Head of Finance, a system to ensure total security of both used and unused financial forms and records in order to avoid unauthorized access, use or even loss. The physical controls to be applied will depend on the level of sensitivity of the record at hand. Sensitive records such as blank and written cheques require stronger security measures including, for example, the use of key locked fireproof safes. Records with medium sensitivity such as used payment orders and accounting books may be kept in locked filing cabinets. Documents with low sensitivity may be kept on open shelves.

1.4.5 Control measures should be put in place by Chief Administrator to protect all documents against hazards such as fire and water including providing fireproof safes/strong-rooms, fire extinguishers and damp-free storage space.

1.4.6 LGs which prepare any financial forms or documents on computers should ensure that they (a) always create a back-up of all files onto an external hard drive or flash disk and store it at a different location from the mother computer and (b) store a hard copy of the document in their files.

1.4.7 It is not practical to retain all used financial documents in a LG forever. After they have been audited, payment orders with supporting documents may be kept securely for a period of not less than 5 years after which they can be destroyed. Audited accounting records and financial statements can be kept longer; a minimum of 15 years and thereafter could be destroyed.

1.5 Classification of Financial Items – The Chart of Accounts

1.5.1 A chart of accounts (COA) is a list of account names together with their codes, which are used in public financial management.

1.5.2 To ensure that all financial information, especially budgets and financial reports, are comparable, all levels of government in South Sudan use the same chart of accounts.

1.5.3 Local Governments must use this chart of accounts to prepare and execute their budgets, maintain accounting records and for financial reporting.

- 1.5.4 The COA to be used is issued annually, and can only be revised by, the MoFEP management. The use of a uniform COA has advantages of:
- Avoiding the use of several coding structures in the entire government sector;
 - Ensuring comparability of LG accounts to State and National level accounts and between the LGs themselves;
 - Facilitating the transfer of funds to LG budgets and the accountability of these funds by the LGs and;
- 1.5.5 Every LG expenditure must be categorised according to the following segments of the chart of accounts:
- **Fund:** describes the source of funds or where the funds come from, i.e. whether government funds or donor funds.
 - **Organisation:** describes which department in the local government is making use of the funds.
 - **Economic classification:** describes what economic resources are received (revenues) and used (expenditures). The economic classification is split into five chapters, each of which is then further divided into items and sub-items. Local government's budget and account at the item level. The five chapters are:
 - a. *Wages and salaries* include salaries and allowances of LG officials (including service delivery workers such as teachers), incentives and overtime and staff benefits (e.g. rent for staff accommodation, medical care, funeral expenses).
 - b. *Use of goods and services* which includes most operational expenses such as stationery, fuel, salaries etc. which are routine and paid over and over again to run the LG;
 - c. *Transfers* which include operating funding provided to service delivery units such as schools and clinics.
 - d. *Other expenditure* including interest on debt, grants/loans to businesses and social assistance provided to non-government individuals or organisations.
 - e. *Capital expenditure* is expenditure on items for which the LG will derive benefits for the current and future financial years including expenditure on infrastructure and land as such as roads, drainage works, clinics and school infrastructure or administrative buildings, on vehicles, or on other specialised equipment such as generators or tractors.
- 1.5.6 Every transaction made by a local government must be coded according to these three segments, and must be recorded in the books of account of the Local Government.
- 1.5.7 The 2012-13 Chart of Accounts is presented in Appendix 10 for LGs to use. It is important to note that the chart of accounts was extensively revised for the start of 2012-13 to assist government in implementing modern financial management practices. This means some accounts currently in use or to be used by specific LGs may not be explicitly included in the COA by the same names as those currently used. To assist local governments in correctly classifying expenditures, the economic segment includes sub-items. However local governments should budget and report at the item level.
- 1.5.8 Moreover as the chart of accounts is used by all levels of government, there are some accounts which Local Governments do not need to use as the expenditures relate to higher levels of government.
- 1.5.9 The Chart of Accounts will be revised and reissued annually before the start of the financial year on 1st July by the Ministry of Finance & Economic Planning. The revised Chart of Accounts will be issued to Local Governments by each State Ministry of Finance.

2. BUDGETING

2.1 Definition and Functions of LG Budgets

- 2.1.1 A Budget is an annual plan of how LG income and all monies received from other sources will be spent in accordance with its goals and priorities. Budgets are monetary quantifications of LG plans and as such, are derived from the plans of a LG. Each Local Government should produce a medium-term Local Government Development Plan that sets out the medium-term priorities of the local government. LG officials should refer to the “*Participatory Planning and Budgeting Guide for Local Governments in South Sudan*” for further guidance on producing medium-term development plans.
- 2.1.2 This chapter is designed to highlight the key principles and procedures for the preparation of an annual budget. LG officials should refer to the *Planning & Budgeting Guidelines* issued annually by the Ministry of Finance & Economic Planning for specific guidance for budgeting each year.
- 2.1.3 The LGA 2009 Section 47.1 (e) requires Executive Councils of the LGs to prepare an annual budget. Section 70(2) of the same Act assigns the responsibility of preparing the LG annual budget to the Planning Unit.
- 2.1.4 The LG annual budget is:
- A political tool* - used for exercising power and for decision-making. Its sets out the *policy* expressed as goals and priorities of the LG. Questions like; “are there new programs to be implemented?” “Are there existing services which should be expanded?” are examples of the policy issues which are considered in the budget;
 - A social-economic tool* – used for raising resources and allocating them to achieve social –economic goals;
 - A human development tool* – used to finance public goods and services that enhance human development;
 - An administrative tool* – used to assign authority and responsibility to various units/departments and officials in a LG to perform PFM tasks. Without an annual budget approved by the Legislative Council, the Local Government has no legal authority to spend funds;
 - A Performance evaluation tool* – used for exacting desired results from authorised expenditures. For this reason, it is a *guide to the operations* of the LG because as actual events occur, such as revenue collection and incurring of regular expenditures, the actual events can be compared with what was expected at the time the budget was approved and thus control can be attained by trying to drive the actual towards the budgeted. The budget is also used as the criteria against which to measure success in achieving the annual goals of the LG in implementing its programs;
 - A communication device* used by the Executive Council to explain to local communities, the Legislative Council, the State, the GRSS, etc., how the goals set by the LG Unit are being realized.

2.2 Principles of Budgeting

- 2.2.1 Local Government budgets should adhere to three key principles to ensure that they are useful documents for guiding government activities and controlling expenditure
- 2.2.2 Plans and Budgets must be **realistic**.
- The resources available to a Local Government are limited, and the budget must be based on a realistic assessment of the resources available from (a) the transfers communicated by State Government and (b) the revenues the LG can collect itself.
 - The budget must be balanced. Overall planned expenditures should not exceed the revenues the State or Local Government expects to receive.
 - The available revenue must be distributed across the various Departments of the Local Government through budget ceilings. Departments must then adhere to

their budget ceilings during the budget preparation process so that their expenditure estimates are within their budget ceilings.

- Institutional capacity to deliver programmes should be taken into account, including constraints such as limited human resources and skills gaps. Only activities that can realistically be achieved by the agency should be budgeted for.
- The time it takes to implement activities should be factored in; processes such as procurement & construction take time to complete, meaning that many activities will not be concluded within one year.

2.2.3 Plans and Budgets must **be prioritised**.

- Given the spending limits imposed by the budget ceilings, Departments must prioritise their planned activities very carefully. This means that budgets should not be a reflection of everything a Department would like to do, but everything that it is able to do, taking into account its limited time, human and financial resources, salary obligations and the projects that are already on-going.

2.2.4 Plans and Budgets should **quantify outputs** wherever possible.

- Quantification of outputs is essential for performance monitoring. For example, if the Education Department plans to undertake school inspections, the Department should set out the number of inspections it plans to make each quarter. The number actually carried out can then be compared to the planned figure.

2.3 Local Government Budget Calendar

2.3.1 The budget calendar refers to a schedule of events, which every LG should accomplish to complete its budget and the dates on which, or no later than which, these actions may occur. The calendar contributes to effective administration of the budget process because a number of authorities are involved in the review and approval of a LG budget, strict compliance with the reporting or activity dates set allows all those involved to fulfil their statutory duties while better managing their time.

2.3.2 The Budget must be passed by 30th June each year, before the start of the financial year on 1st July. A recommended budget calendar is presented in **Appendix 2.1**.

2.3.3 The main responsibilities for coordinating the budget process lies with the Planning Officer and the Head of Finance, under the supervision of the Chief Administrator.

2.3.4 The main steps in the planning & budget process are as follows:

- **Participatory planning:** the Local Government consultations with the communities to review performance over the last year and to assess community priorities for the coming year based on available resources. LG officials should refer to the *“Participatory Planning and Budgeting Guide for Local Governments in South Sudan”* issued by the LGB for further guidance on carrying out participatory planning. This process should culminate in the annual Local Government Budget Conference where the priorities are reviewed. **December – March.**
- **Estimating the resource envelope:** the Planning & Finance Officers estimate the total funding the local government will have available in the next financial year from local revenues, grants from National & State governments, and grants from donors. **April.**
- **Estimation & approval of budget ceilings:** the Planning & Finance Officers allocate the available funding between the different departments of the Local Government, in line with the priorities identified during participatory planning and LG budget conference, and present these allocations to the Executive Council for approval, together with the resource envelope. **By end first week May.**
- **Preparation of departmental budgets:** Departments draw up their budgets in line with the budget ceilings approved by the Executive Council, and submit these to the Planning Unit. **By mid-May.**

- **Compilation of the budget:** the Planning & Finance Officers compile the departmental budgets together into a single draft Local Government Budget, ensuring that submissions are in line with budget ceilings. **By end May.**
- **Approval by the LG Executive Council:** the draft budget is presented to the Executive Council for approval. It is then amended and the final draft budget produced. **By end first week June.**
- **Approval by the LG Legislative Council:** the draft budget is presented by the Commissioner to the Legislative Council for approval, **by 15th June.** Once the budget is passed, the Approved Budget is signed into law by the Commissioner. The Local Government then has authority to spend the funds identified in the budget.

2.4 Participatory Planning

- 2.4.1 Section 69 (1) of the LGA 2009 requires an *integrated participatory* approach in formulation of the plans of LGs. The participatory approach requires that the communities and all stakeholders should be consulted on the formulation of LG plans from which budgets are derived; this encourages community input and ownership of the budget from all stakeholders.
- 2.4.2 LG officials should discuss issues on LG funding and investment priorities with the stakeholders and the communities in consultative forums of the Boma and Payam Development Committees. These forums should allow for a discussion/ dialogue on specific budget issues such as where the taxpayers money goes, the resource envelope available, major changes in the revenue structure and the impact of these changes on the LG's programs, previous programs and projects funded etc.; this information should be packaged together as a *budget brief*. The forums should also be used to make decisions on funding/investment priorities.
- 2.4.3 The input of stakeholders into the LG budget will only be forthcoming if they are able to understand the presentations of LG administrators/facilitators. Therefore, budget information disseminated during the consultative forums should be as "user-friendly" as possible and supplemented with numeric and financial data.
- 2.4.4 The consultative forums should be publicized through media which is readily accessible to the local communities including for example, using the traditional chiefdom authority, newspaper, radio, churches and mosques, market day announcements over a public address system, and the posting of notices in open public places e.g. on the Payam or Boma notice boards.
- 2.4.5 From 2013/14 the Payam Development Grant will gradually be rolled-out across South Sudan, to be used for community infrastructure. The projects this grant is to be spent on will be identified and approved by the Boma and Payam Development Committees.
- 2.4.6 The participatory planning process should take place during the dry season, when all areas of the Local Government are accessible, from December to March.
- 2.4.7 Further guidance for Local Government officials on how to facilitate the participatory planning process are to be found in the *Participatory Planning and Budgeting Guide for Local Governments in South Sudan* issued by the Local Government Board.

2.5 Estimating the Resource Envelope

- 2.5.1 The total level of funding available to a Local Government each year is the resource envelope. This consists of:
- Locally-raised revenues collected by the Local Government
 - Grants from National & State Governments
 - Grants from donors
- 2.5.2 Local Government Budgets must be balanced. The budget must not have a deficit. This means that the total spending that is planned must equal the total resources estimated.

Therefore it is important to accurately estimate the resource envelope to ensure all planned spending is financed.

- 2.5.3 The Public Financial Management & Accountability Act requires the Ministry of Finance & Economic Planning to provide State Ministries of Finance with estimates of Government transfers to States not later than 31st March.³ In turn this means States should be able to communicate estimates of grants to Local Governments during April. The Local Government should therefore undertake the estimation of locally-raised revenues for the next fiscal year during April.
- 2.5.4 Estimates of revenue sources should be based on justified assumptions in order to avoid sharp unexpected decreases in revenue at the time of budget implementation.
- 2.5.5 The practical constraints on own source revenue (OSR), will require the LG officials to carefully project OSR since the failure to realise the expected revenue will drastically affect the ability of the LG to provide the budgeted services
- 2.5.6 The starting point for LG officials in projecting revenue should be to gather information about the historical trends for each revenue source i.e. studying how individual items of revenue have been increasing or decreasing over the previous years, the assumption being that such trends may continue to occur in the absence of interventions.
- 2.5.7 The historical trend analysis may then be used to estimate figures for the budget items, however, in some cases there will be other information and factors to consider in adjusting and improving on estimations obtained from this analysis.
- 2.5.8 When making revenue estimations, LG officials shall take a *conservative (cautious) position* i.e. assume the worst collection environment may actually occur, thus estimate the resources that can realistically be collected from a given source under such circumstances.
- 2.5.9 Resource items shall be estimated/projected by the planning officer and finance staff in the following way:

Figure 2.1: Steps in estimating the resource envelope

Step	Period	Responsibility	Activity
1.	<i>By end of 1st week of April</i>	Planning & Finance Officer	<i>Review all current known sources of revenues for the LG</i> item by item and determine the continued availability of these sources. Remove any source, which is unlikely to continue being available. <i>Estimate the expected inflow from each source</i> by taking the proposed rate times the number per unit. For example if the proposed rate for trading licences from whole sale shops is 500 South Sudan Pounds per shop per year and there is an estimated 20 such shops in the jurisdiction of the LG, then the revenue expected from trading licences from wholesale shops is 10,000 Pounds (500 X 20).
2.	<i>By end of 3rd week of April</i>	Planning & Finance Officer	<i>Review new sources of revenues, if any</i> , to which the LG may be entitled in the coming year. It is important that LG officials do not limit their analysis simply to the monies obtained for the GRSS, the State and other existing revenue sources, but also consider realistic potential future revenue sources and unused current options for revenue mobilisation. This allows the officials to determine the maximum revenue collection capability, and can help avoid over reliance on one source - the analysis might reveal a revenue source not previously considered and the LG goes in to tap that source. The LG officials shall also try to identify services, which can be linked directly to revenue sources, i.e. capital assets that might be financed by small user charges if the community at large is ready to pay user fees. <i>LG officials shall however be very careful when considering new revenue sources, realistic projections shall be made and not simply “wish lists” which may</i>

³Public Financial Management & Accountability Act, 2011, section 25(5).

Step	Period	Responsibility	Activity
			<i>not materialise.</i> Estimate the expected inflow from new each source of revenue using the same method described in step 1 above.
3.	<i>By end of 4th week April</i>	Planning & Finance Officer	<i>Apply the indicative transfer figures from the state and other confirmed sources for the coming year:</i> these figures should be directly obtained from the SMoF. Confirmed transfers from memorandums of understanding signed between the LG and NGOs/international donors etc. should be included directly in the estimate of the resource envelope by quoting the “agreed figure”.
4.	<i>By end of 4th week April</i>	Planning & Finance Officer	Complete Budget Forms 1& 2 –The Resources Budget Estimate. The form indicates all those monies necessary to be raised in the ensuing year and the resource envelope, consisting of estimates of local revenues and grants from government and donors. [See Appendix 2.1 & 2.2 for the Forms].
5.	<i>By end 1st week May</i>	Chief Administrative Officer	Budget Forms 1 & 2 presented to Executive Council The resources budget estimate is presented together with budget ceiling allocations (see next section) to the Executive Council for approval. It is especially important to note that any proposed new sources of local revenue must be discussed and approved by the Executive Council.
6.	<i>With approval of budget</i>	Commissioner	Obtain approval for new Own Source Revenue. Any new OSR shall be presented to the legislative council. The process of collecting revenue from a new source will be formally legalised; this normally requires the council to pass a byelaw legislating for the new source. The request for approval presented to the council must clearly explain the new revenue source, the basis of its legality, the economic conditions, collection costs, what is required to implement its collection, as well providing forecast revenue from the source.

Format of the revenue budget

2.5.10 The revenue items in the budget shall be identified by source (government or donor) and then totalled up to obtain the resource envelope. The revenue budget shall be presented in the following formats:

- a. *The revenue per funding sources* – this should show the funds from which monies are expected to be received, including from the consolidated fund, and donor funds such as the Payam Development Grant obtained from the Local Governance & Service Delivery Project. This should show the following details: (1) funding source code, (2) funding source description, (3) the budget for the current year, (4) the outturn to date (at the time of budget preparation, outturns for at least the first half of the year should be available, and (5) the estimate for the coming year, as depicted in the example below:

Figure 2.2: Illustration of a Revenue Budget Summary (Funding Sources) for a LG

Code	Description	Budget for FY 20____ (current year)	Outturn July-Dec FY 20____ (to date current year)	Budget (SSP) for FY 20____
1100	Government Funds – Current year appropriations	19,847,361	8,931,312	22,241,521
2100	Local Governance & Service Delivery Project	0	0	9,525,517
	Total LG Budget for the year	19,847,361	8,931,312	<u>33,897,338</u>

- b. *The revenue budget per items* – this shows the types of revenue the government is planning to collect and receive, split into the three chapters of taxes, grants and other revenue. The tabular format to indicate the following details: (1) revenue code, (2) revenue description, (3) the budget for the current year, (4) the outturn to date (at the time of budget preparation, outturns for at least the first half of the year should be available, and (5) the estimate for the coming year, as depicted in the example below:

Figure 2.3: Illustration of Details of Revenue Budget for a LG

Revenue Code	Description	Budget for FY 20__ (current year)	Outturn July-Dec FY 20__ (to date current year)	Budget (SSP) for FY 20__
11	Taxes	415,000	141,151	446,387
111	Taxes in income & profits	0	0	0
112	Taxes on payroll & workforce	0	0	0
113	Taxes on property	185,000	60,096	290,233
114	Taxes on goods and services	100,000	0	0
115	Taxes on international trade & transactions	0	0	0
116	Other Taxes	130,000	81,055	156,154
13	Grants	19,376,331	8,768,349	23,198,467
131	Grants from foreign governments	0	0	0
132	Transfers current from other government units	18,396,331	8,278,349	20,572,950
133	Transfers capital	980,000	490,000	1,100,000
134	Transfers other oil	0	0	0
135	Grants from International Organizations	0	0	1,525,517
14	Other revenue	56,030	21,812	122,184
141	Property income	1,500	0	0
142	Sales of goods and service	54,530	21,812	64,828
143	Fines & penalties	0	0	0
144	Sales of fixed assets	0	0	0
145	Oil revenue	0	0	0
146	Other revenue	0	0	57,356
	Total LG Budget for the year	19,847,361	8,931,312	23,767,038

- c. *The revenue budget per department* – this chart shows which departments are going to collect the revenue (for taxes and other revenue) or for which the grants are ear-marked for (for grants). This is important to show who has responsibility for collecting revenues, and also to show where grants are ear-marked, as conditional transfers to different agencies make up the largest part of the Local Government Budget. Any discretionary grants, which the LG decides how to allocate (e.g. block grant, County Development Grant) should be put against the Administration Department.

The tabular format indicates: (1) the department code, (2) the department name, (3) the estimated tax revenue to be collected by that department. Note the total of this column must be the same as the total for taxes in Fig. 2.3. (4) the government-funded grants that are earmarked for that department, e.g. education conditional salary transfers. Any discretionary or general purpose grants, e.g. block grant or County Development Grant should be put against the Administration Department. Note that the total for this column should be equal to the sum of items 132-134 in Fig. 2.3. (5) the donor-funded grants that are earmarked for that department, e.g. donor funds ear-marked for health. Any discretionary or general purpose grants, e.g. Payam Development Grant should be put against the Administration Department. Note that the total for this column should be equal to the sum of items 131

&135 in Fig. 2.3. (6) the estimated other revenues that are to be collected by that Department for the coming year. Note the total of this column must be the same as the total for other revenues in Fig. 2.3.

Figure 2.4 Illustration of Revenue Budget by Department & Chapter

Code	Department	11 Taxes	13 Grants (Government)	13 Grants (Donor)	14 Other Revenue	Total
110	Administration	446,387	600,000	1,525,517	57,356	2,629,260
120	Education		12,126,478			12,126,478
130	Health		7,562,380			7,562,380
140	Agriculture		1,384,092		64,828	1,448,920
150	Public Works		0			0
151	Water		0			0
160	Social Development		0			0
190	Legislative Council		0			0
	Total LG Budget	446,387	21,672,950	1,525,517	122,184	23,767,038

The formats for the revenue estimates & resource envelope are shown in **Appendix 2.1**.

2.6 Estimation & approval of budget ceilings

2.6.1 The major responsibility for the estimation & approval of the budget ceilings lies with the Planning & Finance Officers, under the supervision of the Chief Administrator.

2.6.2 Once the resource envelope has been drawn up, total resources must be allocated between the LG's Departments. This should be done using the following method:

- Allocate **conditional grants** from the National & State government to the appropriate department. E.g. the Education conditional transfers must be allocated to the Education Department.
- Allocate **capital grants** to Departments in line with the prioritised projects identified during the participatory planning process and the budget conference. E.g. where communities identified rehabilitation of a school to be financed by the Payam Development Grant, the amount for this project is allocated to the Education Department, and where the budget conference identified building of a drug store at the county using to be financed by the CDG, the amount for this project is allocated to the Health Department.
- Allocate funding from **the block grant or local revenues to cover salaries** not covered by conditional grants, including salaries of the Administration Department, the sitting allowances of the LG Legislative Council, and administrative allowances for the Legislative Council Chairperson and Deputy Chairperson and the Chairpersons of Legislative Council Standing and Ad-hoc Committees.
- Allocate **any remaining funding from the block grant or local revenue** to Departments in line with the priorities of the LG.

2.6.3 The format of the preparation of budget ceilings is shown in Format of Budget Ceilings is shown in **Appendix 2.2**. The proposed budget ceiling should be compared to the budget for the previous year, and a justification for the changes made should be provided.

2.6.4 Where a Local Government is receiving donor funds, the allocation of different donor funds to departments must also be shown alongside the budget ceilings to enable departments to clear show the allocations for donor funds in their detailed estimates. See format at **Appendix 2.2**.

2.6.5 Once drawn up, the budget ceilings must be approved the Executive Council. Once the ceilings have been approved, they should be communicated formally to the Heads of

Department by the Chief Administrator through the Budget Call Circular. The format for this is shown in **Appendix 2.3**.

2.6.6 The Budget Call Circular should also include the format for Departments to submit their budgets to the Planning Unit. These are shown at **Appendix 2.4**.

Figure 2.5: Steps in estimating, approving and communicating the budget ceilings

<i>Step</i>	<i>Period</i>	<i>Responsibility</i>	<i>Activity</i>
1.	April	Planning & Finance Units	Divide available resources between Departments to create draft budget ceiling for each department, ensuring that conditional transfers from the State are allocated to the correct Department (e.g. education salary transfer is allocated to the Education Department), and that funds for projects identified during the participatory planning process and budget conference are allocated correctly.
2.	1 st week of May	Executive council	The Executive Council should consider and approve the budget ceilings drawn up by the Planning & Finance Units.
3.	1 st week of May	Chief Administrator	<i>Issue of a budget call circular (Budget Form 3)</i> to all Heads of Departments, which provides instructions/guidelines to heads of departments on how to prepare the budget for the coming year; including the approved department budget ceilings. The Planning Officer should prepare this circular and have it signed by the Chief Administrator [refer to appendix 2.3]. Attached to the Budget circular should be formats for Departments to use in drawing up their budget proposals and submitting to the Planning Unit. [Appendix 2.4 refers].

2.7 Formulating Departmental Expenditure Budgets

2.7.1 Once the Budget Call Circular has been issued, it is the responsibility of each Department Head to ensure his/her Department draws up a budget in line with the guidance in the Budget Call Circular and the budget ceiling, and by the deadline set.

2.7.2 Each Department shall be present its budget in the same format, as shown at **Appendix 2.4**. This includes:

- Detailed estimates by item for the department
- Details of capital projects
- Narrative of current year performance
- Narrative of plans for the coming year

Detailed estimates by item

2.7.3 The detailed estimates by item show the budget for the Department by item across the five chapters of:

- Salaries & wages
- Use of goods & service (operating)
- Transfers (to service delivery units such as schools)
- Other expenditure (such as social assistance)
- Capital expenditure

2.7.4 The format for detailed estimates is shown in figure 2.6 below.

2.7.5 *Salaries and wages*: consist of the basic salaries for all Local Government staff, including service delivery staff such as teachers and health workers. It also includes the budget for any incentives, and for any social benefits for staff such as medical benefits or funeral expenses.

2.7.6 *Use of goods and services (operating) expenditure estimates* includes on-going expenses associated with the delivery of programs and services

2.7.7 *Transfers*: are operating funds which are transferred to service delivery units such as schools and clinics to fund their operating costs. The service delivery units are responsible

- for budgeting and accounting for these funds once transferred, and the LG must ensure that they do so. The procedures for this are set out in Section 11 PFM Guidelines for Service Delivery Units.
- 2.7.8 *Capital expenditure estimates:* represents large expenditures for items that have a useful life in excess of one year and are not immediately fully consumed when used. The capital expenditure should ideally be projected/ planned over the medium term, for example three years; items or projects shall then be rolled off the capital budget once they are purchased, upgraded, or completed and then replaced by other items from the capital investment plan. However the annual budget shall include only the amount that the LG intends to spend on the capital items within the budget year. The details of each project planned in the capital budget planned must be shown separately. The format for this is discussed below.
- 2.7.9 *Use of conditional transfers:* several Local Government Departments, such as Education and Health, receive conditional transfers from the equivalent State Ministry for salaries or operating costs. It is important that the head of department is aware what these grants can, and cannot be used for, and ensures that they are budgeted for in the correct manner.
- 2.7.10 It is important to note that detailed estimates should be drawn up for **each source (government or donor) a department will receive funding from**. This is to ensure that donor funds are only budgeted and spent on the correct items.
- 2.7.11 *Linkages between operating and capital budgets:* the usual practice is to develop the operating and capital budgets separately but the connection between the two must be recognised when budgeting. For example, when budgeting for a new office building, the LG officers shall include, in the operating budget, the annual operating budget that will result from running the new office building such repairs & maintenance costs.
- 2.7.12 When estimating expenditure items, LG officials should take a non-conservative position; thus expenditure estimates should be the highest realistic unit cost expected for each item. This is because underestimating unit costs will seriously disrupt planned service delivery. However, being non-conservative does not mean exaggerating costs beyond reasonable increases.
- 2.7.13 All LG officials involved in preparing the detailed revenue and expenditure (cost) estimates shall keep files containing the working papers on the details of the projections/estimates made and explanations of how these projections were arrived at. They will review the working papers and extract the relevant revenue and (cost) estimated figures in order to compile the overall budget for the LG in the following manner:

Figure 2.6: Illustration of the format of the LG Expenditure Budget by item for each Department

Revenue Code	Description	Budget for FY 20____ (current year)	Outturn FY 20____ (to date current year)	Budget (SSP) for FY 20____
21	Wages & Salaries	938,130	844,317	1,042,367
211	Wages and salaries	905,464	814,917	1,006,071
212	Incentives and Overtime	21,105	18,995	23,450
213	Pension contributions	0	0	0
214	Social benefits	11,561	10,405	12,846
22	Use of Goods and services	219,484	197,535	243,871
221	Travel	58,860	52,974	65,400
222	Staff training and other staff costs	11,250	10,125	12,500
223	Contracted services	26,245	23,620	29,161
224	Repairs and Maintenance	51,121	46,009	56,801
225	Utilities and Communications	22,860	20,574	25,400
226	Supplies, Tools and materials	49,148	44,233	54,609
227	Other operating expenses	0	0	0
23	Transfers	257,489	231,740	286,099
236	Transfers to Service Delivery Units	257,489	231,740	286,099
24	Other expenditure	4,500	4,050	5,000
241	Interest	0	0	0
242	Subsidies	0	0	0
243	Grants and Loans to Businesses	0	0	0
244	Social assistance benefits	4,500	4,050	5,000
28	Capital Expenditure	366,660	329,994	407,400
281	Infrastructure and land	312,286	281,057	346,984
282	Vehicles	49,140	44,226	54,600
283	Specialized Equipment	5,234	4,711	5,816
	Total Budget	<u>1,786,262</u>	<u>1,607,636</u>	<u>1,984,736</u>

Details of Capital Budget

2.7.14 In addition to the detailed estimate by item, each Department must also show the details of capital projects. This should show the following details:

- The Budget Item (281 Infrastructure and land, 282 Vehicles or 283 Specialized Equipment)
- The description of the project, whether construction of a latrine, purchase of a vehicle, etc.
- The location of the investment: the payam and the boma
- The source of the funding, whether the County Development Grant (CDG), Payam Development Grant (PDG), county own revenues, or other donor funds (stating which donor)
- The budget for the project or purchase

2.7.15 The format for showing the capital budget is shown in Figure 2.7 below. This format allows the projects that are going to be financed from local government development grants to be clearly identified, and thus enhance accountability. During budget execution, the Local

Government must be sure to control money that has been earmarked for specific activities or objectives. It is also important that the location of the investments are shown so that the communities can see the projects they are to benefit from.

Figure 2.7 Details of Capital Budget

BUDGET ITEM	Description	Location (Boma & Payam)	Source of funding	Budget (SSP)
281 Infrastructure & Land	1x 2 roomed teachers' house at Bilinya Primary School	Masindi South Boma, Mugali Payam	PDG	230,000
281 Infrastructure & Land	3 2xstance school latrines at Lobone Primary school	Lobone Boma, Lobone Payam	PDG	178,967
281 Infrastructure & Land	2 classroom blocks built at Avumadrici Primary School	Avumadrici Boma, Mugali Payam	CDG	416,000
283 Specialised Equipment	15 seat conference table for County Education Department	Magwi Boma, Magwi Payam	CDG	20,000
283 Specialised Equipment	1 filing cabinet for County Education Department	Magwi Boma, Magwi Payam	CDG	550
<i>Sub- total</i>				845,517

Budget Narrative

- 2.7.16 In addition to the detailed estimates and capital projects, Departments must draw up a narrative of their performance in the current year, and their plans for the coming one. The purpose of the narrative is to spell out what results the Department will achieve with the funds it is budgeting for.
- 2.7.17 Departmental narratives should set out:
- what results the Department has achieved with the funds it has spent in the past year.
 - what results the department plans to achieve with the funds allocated to it in the budget for the coming year.
- 2.7.18 This narrative should be as specific and quantified as possible. Quantification of outputs is essential for performance monitoring. This allows the Executive Council, the Legislative Council, and the public, to monitor progress against what was budgeted. For example, if the Education Department plans to undertake school inspections, the Department should set out the number of inspections it plans to make each quarter. The number actually carried out can then be compared to the planned figure.
- 2.7.19 The formats for the budget narrative are presented together with the other formats shown above at Appendix 2.4.
- 2.7.20 Figure 2.8 below summarises the steps each Department shall take to formulate the budget:

Figure 2.8: Overview of the steps in formulating Departmental expenditure budgets

Period	Responsibility	Activity
By mid-May	Head of departments	<p>County departments should draw up their expenditure budgets based on the budget ceilings provided in the budget call circular and submit them to the County Planning Unit. Departments can prepare their budgets by doing the following:</p> <ol style="list-style-type: none"> a. Review achievements in the current year and prepare a narrative for this. b. Review the annual priorities agreed in the participatory planning consultations and the State budget workshops to examine the goals that have been set and the programs planned for the ensuing year. A goal is something, a result that LGs hope to achieve. As an example, one of the goals of a LG might be “to keep 250 Km of feeder roads within the jurisdiction of the LG in a “full navigable condition” all year round. To be able to attain this goal, the LG may design a <i>road maintenance program</i> and estimate the costs that requires the resurfacing of the entire 250 Km once every a year. c. Identify the specific activities for each program; it is the activities, which consume money and/ or result in revenue collection. Using the example, resurfacing a Km of feeder road is the <i>activity or unit cost, which</i> then

<i>Period</i>	<i>Responsibility</i>	<i>Activity</i>
		<p>provides a basis for calculating the full cost of the feeder road maintenance programme.</p> <p><i>d. Estimate the <u>cost of items</u>.</i> Using the example, the activity (resurfacing a Km of feeder roads) must consume resources or <u>cost items</u> (i.e. payments to the construction firms, fuel for supervision/inspection of work etc.); these costs items should be identified and their amounts be used to determine the cost of the feeder roads maintenance activity. Once the cost elements/items have been determined, <i>estimations</i> for the coming year shall be made.</p> <p><i>e. Complete the budget formats (budget form 4),</i> by inserting the figures of the costs as estimated in the detailed estimates, providing details of the capital projects planned, and narrative of plans for the coming year.</p> <p><i>f. Review the budget to:</i> (a) ensure that any conditional transfers have been budgeted for correctly, and in line with any guidance provided, (b) ensure the allocations in the estimates are consistent with the narrative (i.e. the narrative does not include any activities which are not financed in the allocations).</p> <p><i>g. Forward the department draft budget to the County Planning Officer.</i></p>

2.8 Compilation of the Draft Budget

- 2.8.1 Once Departments have submitted draft budgets to the Planning Officer, he/she has the responsibility to:
- check that the budgets have been drawn up in line with the correct formats, and are complete, including the narrative
 - check that departments have followed guidance on use of any conditional transfers allocated to them.
- 2.8.2 Departments should then make any amendments required. The Planning Officer then compiles the complete Local Government Draft Budget by drawing up the summary tables using the figures provided in each Department’s draft budget.
- 2.8.3 Summary tables must be compiled both by department, as shown in Figure 2.9 below, and by expenditure item for the entire Local Government, as shown in Figure 2.10. (These tables are also set out in **Appendix 2.5 and 2.6.**) Together these show the overall LG draft budget shall presented on a department basis, to indicate clearly the expenditure budget for each department and the total LG budget by expenditure item.

Figure 2.9: Illustration of the format of overall LG budget by departments

Code	Department	Wages and salaries	Use of Goods and services	Transfers	Other expenditure	Capital Expenditure	Total
110	Administration	316,451	598,164	0	50,000	1,345,000	2,309,615
120	Education	4,345,614	480,000	2,860,986	0	890,000	8,576,600
130	Health	3,115,789	255,000	0	0	0	3,370,789
140	Agriculture	935,146	325,000	0	0	0	1,260,146
150	Public Works	895,461	143,085	0	0	1,250,000	2,288,546
151	Water	158,235	245,000	0	0	589,000	992,235
160	Social Development	221,302	135,678	0	0	0	356,980
190	Legislative Council	435,670	256,780	0	0	0	692,450
	Total LG Budget	<u>10,423,668</u>	<u>2,438,707</u>	<u>2,860,986</u>	<u>50,000</u>	<u>4,074,000</u>	<u>19,847,361</u>

Figure 2.10: Illustration of the format of overall LG budget by chapter & item

Revenue Code	Description	Budget for FY 20____ (current year)	Outturn FY 20____ (to date current year)	Budget (SSP) for FY 20____
21	Wages & Salaries	9,381,301	8,443,171	10,423,668
211	Wages and salaries	9,054,637	8,149,173	10,060,708
212	Incentives and Overtime	211,050	189,945	234,500
213	Pension contributions	0	0	0
214	Social benefits	115,614	104,053	128,460
22	Use of Goods and services	2,194,836	1,975,353	2,438,707
221	Travel	588,600	529,740	654,000
222	Staff training and other staff costs	112,500	101,250	125,000
223	Contracted services	262,447	236,202	291,608
224	Repairs and Maintenance	511,208	460,087	568,009
225	Utilities and Communications	228,600	205,740	254,000
226	Supplies, Tools and materials	491,481	442,333	546,090
227	Other operating expenses	0	0	0
23	Transfers	2,574,887	2,317,399	2,860,986
236	Transfers to Service Delivery Units	2,574,887	2,317,399	2,860,986
24	Other expenditure	45,000	40,500	50,000
241	Interest	0	0	0
242	Subsidies	0	0	0
243	Grants and Loans to Businesses	0	0	0
244	Social assistance benefits	45,000	40,500	50,000
28	Capital Expenditure	3,666,600	3,299,940	4,074,000
281	Infrastructure and land	3,122,856	2,810,570	3,469,840
282	Vehicles	491,400	442,260	546,000
283	Specialized Equipment	52,344	47,110	58,160
	Total Budget	<u>17,862,625</u>	<u>16,076,362</u>	<u>19,847,361</u>

- 2.8.4 The must also be a table showing all the capital projects the Local Government proposes, ordered by their location, as shown in Figure 2.11 below.
- 2.8.5 This is simply done by compiling all the Departmental Capital Budget Details (see 2.7 above), but ordering by location, not Department, and indicating the Department in the first column. The purpose of this table is to enable the communities in the Payams and Bomas to understand clearly the projects that will be undertaken in their areas. It also clearly shows the geographical distribution of projects financed by the local government development grants.⁴ During budget execution, the Local Government must be sure to control money that has been earmarked for specific activities or objectives so that each project can be completed.

Figure 2.11: Illustration of Details of Capital Budget by Location

Department	BUDGET ITEM	Description	Location (Payam & Boma)	Source of funding	Budget (SSP)
Education	281 Infrastructure & Land	3 2xstance school latrines at Lobone Primary School	Lobone, Boma, Lobone Payam	PDG	178,967
Health	281 Infrastructure & Land	Rehabilitation of Lobone PHCU	Lobone Boma, Lobone Payam	PDG	180,000
Education	283 Specialised Equipment	15 seat conference table for CED	Magwi Boma, Magwi Payam	CDG	20,000
Education	283 Specialised Equipment	1 filing cabinet	Magwi Boma, Magwi Payam	CDG	550
Health	281 Infrastructure & Land	1 x 2-bed roomed doctor's house at Magwi County Hospital	Magwi Boma, Magwi Payam	CDG	230,000
Legislative Council	281 Infrastructure & Land	Construction of Council Chamber & offices	Magwi Boma, Magwi Payam	CDG	720,000
Education	281 Infrastructure & Land	2 classroom blocks built at Avumadrici Primary School	Avumadrici Boma, Mugali Payam	CDG	416,000
Education	281 Infrastructure & Land	1x 2 roomed teachers' house at Bilinya Primary School	Masindi South Boma, Mugali Payam	PDG	230,000
Water	284 Infrastructure & Land	1 New Shallow wells built	Masindi South Boma, Mugali Payam	PDG	120,000
Water	283 Infrastructure & Land	1 Protected springs built	Loa Boma, Pageri Payam	PDG	230,000
Water	281 Infrastructure & Land	2 Bore holes rehabilitated	Pajok Boma, Pajok Payam	PDG	60,000
Water	282 Infrastructure & Land	4 New Boreholes constructed	Pogee Boma, Pajok Payam	PDG	240,000
		GRAND TOTAL			<u>2,625,517</u>

- 2.8.6 The Planning Officer shall also add a table summarising all the off-budget projects that are taking place in the Local Government. This is to give information to the Executive Council, Legislative Council and the communities on other projects, not financed by the Local Government, that are taking place. Projects financed by the donors and implemented by NGOs, and projects financed by the Constituency Development Fund (CDF) should be included in this table.
- 2.8.7 In addition to these summary tables, the Planning Officer is also responsible for drafting the overall budget narrative, that describes in as much detail as necessary the following:⁵
- A general evaluation of the economic and financial performance and situation;
 - A summary of expenditure in previous years;
 - A statement of the general budget showing any reserve funds and any transfer thereto or allocations there from; and explanations of any special funds or financial estimates, policies or measures to be taken by the LG regarding the financial and economic affairs of its area;
 - Any other information that the executive council considers important;

⁴This is important as specific amounts from the Payam Development Grant will be allocated to payams.

⁵These requirements are in LGA, 2009, Section 82.

- 2.8.8 Once the budget has been fully compiled, the Planning & Finance officers will submit it to the Chief Administrator to submit to the Executive Council for approval. Following any comments or amendments by the Executive Council, the draft Budget is ready for presentation to the Legislative Council.
- 2.8.9 A summary of the steps in compiling the budget are set out below.

Figure 2.12 Steps in compiling the draft Budget

Step	Period	Responsibility	Activity
1.	<i>As soon as departmental budget is submitted</i>	Planning & Finance Officers	Review Departmental budget submissions to check: <ul style="list-style-type: none"> • that the budgets have been drawn up in line with the correct formats, and are complete, including the narrative • that conditional transfers are allocated correctly by and guidance on their use has been followed. <p>Once the State Budget Document is ready, the County Planning Unit should ensure the County budget is consistent with the final State Budget. If there are any changes in grants from the State, then adjustments should be made to Departmental Budgets in line with this.</p>
2.	<i>By end May</i>	Planning & Finance Officers	Compile departmental budget into draft budget document by: <ul style="list-style-type: none"> • Completing summary tables • Completing capital budget by location table • Completing off-budget projects table • Drafting overall narrative of overall economic situation, revenue and expenditure. <p>See Appendix 2.5 & 2.6 for formats.</p>
3.	<i>By 1st week June</i>	Planning & Finance Officers	Forward completed draft Budget document to the Chief Administrator for submission to the Executive Council.

2.9 Approval of the Draft Budget by the Executive Council

- 2.9.1 Once the draft budget document has been compiled, the LG Executive Council shall meet to review it.
- 2.9.2 The Chief Administrator will ensure the budget is submitted to the Executive Council no later than the first week of June.
- 2.9.3 After the Executive Council has reviewed, revised and taken an executive decision on the proposed draft budget, the Planning & Finance Officers shall prepare a final version for presentation to the Legislative Council.
- 2.9.4 This shall be prepared no later than 15th June.

Figure 2.13 Steps in approving the Budget

Step	Period	Responsibility	Activity
1.	<i>By 1st week June</i>	Chief Administrator & Executive Council	Submit the proposed draft Budget to the Executive Council for approval.
2.	<i>By 1st week June</i>	Planning & Finance Officers	Make any revisions to the draft Budget required by the Executive Council to prepare a final version for presentation to the Legislative Council.
3.	<i>By end May</i>	Commissioner/ Mayor/Town Clerk	Inform the members of the Legislative Council of the need to prepare for the budget deliberations before the submission date. This should be done as far in advance as possible, but at a minimum by end May.
4.	<i>By 15th June</i>	Commissioner	Present the draft Budget to the Legislative Council.
5.	<i>By 30th June</i>	Legislative Council	Approve the draft Budget and pass an appropriation by-law.

2.10 Approval of the Budget by the Legislative Council

- 2.10.1 The Commissioner shall present the budget to the Legislative Council for deliberation by 15th June every year. The Commissioner has a legal duty (LGA 2009, Section 83(2) to inform the members of the Legislative Council of the need to prepare for the budget deliberations before the submission date.
- 2.10.2 Section 83(4) of the LGA 2009 further requires a simple majority of the members of the Legislative Council to approve the budget. During the deliberations for the adoption of the budget, the Legislative Council may amend, reject or adopt the budget as it deems fit (Section 83(5), LGA 2009).
- 2.10.3 The adoption of the budget by the Legislative Council shall be formalized by passing an Appropriation By-law over the entire budget document; the Chairperson of the Legislative Council shall sign a resolution of the Legislative Council to this effect. It shall then be assented to and signed into law by the County Commissioner, Mayor or Town Clerk. When passed, the draft budget becomes the Approved Budget of the LG for that financial year (Section 83 subsection 6 LGA 2009)
- 2.10.4 In the event of a delay in passing the budget by the Legislative Council beyond the beginning of the financial year, Section 86 LGA 2009 allows the LG to continue spending pending adoption of the general budget, in accordance with the estimates approved for the previous year, as if the same has been appropriated by law for the new financial year; however, the levying of any new tax, rates, fees and charges, or the amendment of the same, shall not be effected except with the approval of the Legislative Council.

2.11 Publication of the local government budget after its approval

- 2.11.1 Once presented to the Legislative Council, the Local Government budget is a public document. It is therefore good practice that the budget should be made conveniently available to the communities.
- 2.11.2 For this reason, extracts of the key budgets shall be posted on public notice boards or other public places and/or the media (radio, newspapers etc.); traditional leadership structures may also be used to disseminate information about a LG budget.

2.12 In-Year Budget Revisions

- 2.12.1 The LGA 2009 recognizes the need to amend or change annual budgets when new circumstances arise, or a matter of public concern proves not to have been satisfactorily addressed by the LG budget. In this case the Commissioner, Mayor or Town Clerk, may during the financial year, submit a supplementary budget to the Legislative Council for approval (Section 86 (2) of the LGA).
- 2.12.2 Any supplementary budget presented must clearly show the source of financing for any new spending proposed, or clearly show the reductions one department's budget when funds are being re-allocated from one department to another.
- 2.12.3 Approval of the Legislative Council, and therefore a supplementary budget, is required if there are proposals to
- increase funding to any department in the event of additional funding being available during the financial year⁶
 - move funding between chapters (e.g. from capital to operating)⁷, or between Departments (e.g. from Education to Public Works).

⁶ LG Act 2009 Section 83(7) states "The detailed estimates specified in the approved Annual Budget, shall not be exceeded save by a Supplementary Appropriation Act."

⁷ LG Act 2009 Section 83(9) states "After the passing of the budget, no funds shall be transferred from one Chapter to another, nor shall any money be spent on an item not provided for in the budget without the approval of the Legislative Council."

3. RECEIPTS

3.1 Sources of LG funds

- 3.1.1 There are four major categories of receipts for a LG: (i) taxes and other compulsory fees imposed, (ii) property income derived from the ownership of assets such as residential buildings, (iii) sales of goods and services fees such as bus parks; (iv) transfers from the government and the state, development partners and non-government organisations. In addition LGs may obtain funds from non-revenue sources such as from the sale of their fixed assets, borrowing, collections on behalf of states, the central government and other units.
- 3.1.2 All funds received by a LG must be properly managed and safeguarded against wastage, loss and misuse in addition to being recorded and accounted for because the operations of the LG depend very highly on the availability of funds to pay for the services it renders. This section of the manual explains the procedures for management of funds received by the LG.
- 3.1.3 The LGA identifies the following as sources from which LG Councils may generate their own revenue: (1) Taxes including property (buildings) tax, social service tax, land tax, animal/livestock tax, agricultural produce tax, gibana tax, and any other taxes as may be authorized by law, rules and regulations; (2) Local Rates including user service charges, license fee, administrative fines, royalties, permits, customary court fees and fines, contract fees, auction fees, and, any other fees and charges as may be authorized by any other law, rules and regulations; (3) local Earnings from the Council Investments and Projects.

3.2 Funds collection procedures

- 3.2.1 The first step of revenue collection is the identification of payers from which the LG expects to receive funds. For own source revenue that is to be collected by the LG from local payers, this should be followed in this order, by registration, assessment and billing/invoicing, recording the debtors/revenue register, obtaining and control of receipt books (finance form 15), receiving of revenue, and accounting for the receipts. These procedures are explained in details below.

Identification of local revenue payers

- 3.2.2 LG officers should identify the local payers with a permanent physical address of abode such as trading licence payers, property assessment tax payers, allocation of plots and the like. All such local payers shall be physically visited, located and registered by the rate collectors.
- 3.2.3 Payers without a permanent physical address such as Gibana payers, animal tax payers etc. shall be identified on a daily basis by the rate collectors being physically present, very early in the morning, at the revenue collection points.

Assessment and billing of local revenue payers

- 3.2.4 For tax payers such as town property ratepayers and trading licences payers that have a physical address, the rate collector should determine (assess) the amount, which such payer should pay based on the official rates set by the LG. The collector should then issue each such payer with a *Demand Note*, which shall be the bill (or invoice/assessment note) that clearly indicates the source of revenue due, the amount due, the due date and payment instructions (i.e. payment in cash or to the bank). The original copy of this bill will be promptly handed over to the payer. The duplicate copy shall be filed while the triplicate shall remain in the book (**refer to Appendix 3.1**).
- 3.2.5 A tax payer who disputes a tax assessment may appeal to the Chief Administrator for reconsideration. The appeal shall be in writing and shall indicate the reason for the appeal and include the original copy of the *Demand Note*. The tax payer shall have the burden of

proving that the assessment against which he or she is appealing is incorrect. The appeal shall be filed with the Chief Administrator within 10 days of the issuance of the *Demand Note*. The Chief Administrator shall make a written decision, giving reasons for the decision, to reject the appeal or to order a re-assessment within 15 days from receipt of the appeal. Where the Chief Administrator does not make a decision on the appeal within this time, a decision shall be deemed to have been made in favour of the tax payer.

Opening and recording of local revenue payers' registers

3.2.6 The book keeper should use the filed copies of issued bills/demand notes to record the amounts so billed in the *local rates (debtors) register*; this will enable the LG to keep track of payers and apply timely enforcement measures to those that are overdue for receipt. Keeping the local rates (debtors) register also allows the officials to comply with Section 84 Subsection 3b of the LGA 2009 which requires every LG to maintain its books of account in order to *record all income earned or accrued but not received*, i.e. the revenue debtors

3.2.7 Opening and recording of the local rates registers should be done in the following manner:

Step 1: At the beginning of the year the persons/organisations owing money to the LG from the previous financial year shall be brought into the applicable local rates register by entering the columns for name of payer, address and amount due (i.e. b/d from the previous year).

Step 2: Review the local rates register on a regular basis to apply any penalties for failure to pay dues in time to any of the payers and immediately update the register by entering the penalty in the penalties column.

Step 3: On issue of bills or demand notes to customers or taxpayers, the bookkeeper shall use duplicate copies of the bills or demand notes to enter columns for the names of the debtor, address, and amount in the local rates register.

Step 4: On payment by the individual customers/ tax payers, the bookkeeper shall use the collector's account record to update the local rates/debtors register by entering the columns for the total due, date received, receipt number and amount received.

Step 5: When management takes a decision, in writing, to write off a given amount outstanding from any existing debtor, the bookkeeper shall update the register by entering columns for date of write-off, write-off reference, and amount written-off.

Step 6: At the end of the FY, the bookkeeper shall complete end of the year closing entries by entering the columns for total received and written off, and the balance at the end of the FY carried to the next FY (**refer to Appendix 3.2**).

Obtaining and control of receipt books – finance form 15

3.2.8 Receipts books (finance form 15), which are the primary record for receiving revenue shall be obtained and controlled as follows:

Step 1: The books shall be obtained from SMoF by the officer in charge of stores at the County/Urban Council on presentation of an official requisition signed by the Chief Administrator.

Step 2: The rate collectors at County/Urban Council level shall return back the used Form 15 books to the storekeeper and then requisition for new ones from the Chief Administrator in writing; when such requisition is approved it will be presented to the storekeeper to enable him/her issue out new formbooks.

Step 3: The Payams/Block Councils shall obtain Form 15 books using an official requisition signed by their Chief Administrators addressed to the County/City Council Chief Administrator; once such requisition is approved it will be presented to the County/City Council store keeper who will issue the books to the Payam/ Block Council store keeper or other officer assigned the responsibility by the Payam/Block Council Chief Administrator; this officer shall be responsible for the safe custody of the form books collected.

Step 4: The rate collectors at Payam/Block Council level shall return back the used Form 15 books to the Payam/Block Council storekeeper and then requisition for new ones from the

Payam/Block Council Chief Administrator in writing; when such requisition is approved it will be presented to the store keeper to enable him/her issue out new form books.

Step 5: Before approving a requisition for new Finance Form 15 books, the Chief Administrators of a County/City Council and Payams/Block Councils shall confirm from the respective storekeepers that the rate collector or Payam/Block Council requisitioning the books has returned the old stock issued to him/her/it.

3.2.9 The following controls should be applied by the County/City Council storekeeper as well as the Payam/Block Council store keepers with respect to Finance Form 15 Books:

Step 1: On receiving a new stock of books from the SMoF (or from the County in the case of Payams and Block Councils), enter the date of receipt and serial numbers of the books received into a **register and number of forms book**.

Step 2: On receiving back the used Finance Form 15 books (the duplicate copies), record the serial numbers of books being returned, the date of return and request the collector to enter his/her name and signature.

Step 3: On receipt of an approved requisition for issue of books to a rate collector or Payam/Block Council, record the serial numbers of the books being issued out, the date of issue and of return and request the collector to enter his/her name and signature [**refer to Appendix 3.3**].

3.2.10 The Head of Finance/Accounts shall periodically review and monitor the register and number of forms book to ensure that all books are being accounted for but where a LG has an internal auditor, this task should be left him/her.

Receiving money from local revenue payers

3.2.11 LG monies shall be received by rate collectors who have been authorized in writing by the Chief Administrator of the LG and the cashier as the case may be applicable in cash, cheques, bank drafts, mobile money transfers, or directly through the bank. All cheques and drafts shall be written in the full names of the LG and crossed.

3.2.12 The issue of an official receipt using Finance Form 15 (Cash Receipts) shall evidence all monies received by the rate collectors.

3.2.13 The rate collector shall collect the money in the following manner:

Step 1: Confirm the amount receivable by referring to the schedule of rates set for the various revenues sources or refer to demand notes/bills already issued.

Step 2: Count the money received properly in the presence of the payer and confirm the amount

Step 3: Prepare a receipt in duplicate using Finance Form 15- Cash Receipts- and hand out the original to the payer; the duplicate copy shall remain in the receipt book [**refer to Appendix 3.4**].

3.2.14 On a daily basis, the rate collector should record the collections into Finance Form 67 – **the collector's account** in this way:

Step 1: Enter the serial number of Finance Form 15 and the names of the payer (customer).

Step 2: Enter the amount received in the relevant column; e.g. enter money received from trade licences into the column for trade licences.

Step 3: Enter the total received from each payer into the total column (in the case where a payer is paying for only one single source of revenue, the total column should be the same as the amount received in step 2 above) and then enter the remarks column by stating whether the amount collected belongs to the current year or is arrears brought forward from previous years.

- Step 4:** Prepare to transfer the money collected to the main offices of the LG; total up each of individual columns for revenue sources in the collector's account and enter the totals respectively.
- Step 5:** Enter the date of preparation of the collector's account and sign it.
- Step 6:** Move with the money to the main offices of the LG to deposit it with the cashier, or to the bank in case this is the most practical way, and obtain a duly endorsed/stamped banking slip [**refer to Appendix 3.5**].
- 3.2.15 Each deposit directly made into the bank account of the LG by a rate collector, taxpayer or customer shall be supported by a duly stamped deposit slip. It is against such deposit slip that the cashier of the LG Unit will issue an official receipt (**refer to Finance Form 39**) to the person or organisation that has made the direct deposit.

Depositing the receipts with main office of the LG Unit

- 3.2.16 When the collector arrives at the main office of the LG with the money collected the following procedures should be performed:
- Step 1:** The money should be counted by the controller/inspector of accounts or another accountant assigned this responsibility; this must be done in the presence of the rate collector and the cashier and then officially received by cashier.
- Step 2:** On receiving the money, the cashier must stamp both the original and duplicate copies the collector's account (Form 67), remove the original copy and hand back the duplicate copy to the rate collector.
- Step 3:** The cashier shall then prepare, sign and issue out an official receipt to the rate collector using Finance Form 39 – ***the receivable order***. This form shall be prepared in three copies and shall indicate the collector's names, the revenue items and codes and the total amount received from the rate collector; the original copy shall be handed over to the rate collector, the duplicate shall be removed from the book and stitched together with the original copy of Form 67 and then filed sequentially in a file kept by the controller/inspector of accounts for each month, the triplicate copy shall remain in the book [**refer to Appendix 3.6**].

Banking the receipts

- 3.2.17 It is a good practice, where banking facilities are near the LG⁸, that the cashier deposits the daily cash/cheque receipts preferably intact.
- 3.2.18 In the case of cheques received the cashier shall prepare *Finance Form 50 – Deposit Slip* and then move to the bank to deposit the money. On depositing the money with the bank Form 50 shall be stamped by the bank [**refer to Appendix 3.7**].
- 3.2.19 To be able to follow up all the cheques received and ensure that they were credited by the bank to the account of the LG, the cashier shall record all cheques received into *Finance Form 22 – the register of cheques received*. This register should be constantly monitored against credits made by the bank to the bank account of the LG to ensure that cheques deposited by the cashier have been credited to the account [**refer to Appendix 3.8**].
Should any cheques received and banked be dishonoured by the bank due to any reason such as the drawer having an insufficient amount of cash on account, such cheques returned unpaid by the bank shall be recorded in the ***cheques returned register*** to enable measures to be taken to ensure that a replacement cheque or cash is obtained from the drawer or that other enforcement/recovery measures are taken to collect the funds due [**refer to Appendix 3.9**].

⁸Where banking facilities are not near, it may not be practical to bank the money collected. In this case extra security measures should be utilized to ensure adequate physical security over cash and preventing it from falling into unauthorized hands. See section 5.2 on safeguarding cash.

3.3 Accounting for the receipts

Posting the receipts to the treasury chest book – finance form 19

- 3.3.1 *Finance Form 19 - the treasury chest book* shall be a permanent record used to record the receipts and payments made by the LG.
- 3.3.2 Cash transactions shall be posted in the treasury chest book for cash while cheques and banking transactions shall be recorded in the treasury chest book for the bank account.
- 3.3.3 Details on how to account for receipts by direct transfers (such as transfers from the State, the Central Government, and donors) to the bank account of the LG are set out in section 3.4 below.
- 3.3.4 The file of Form 39s issued out shall be used to post all receipts (cash, cheques, transfers and drafts) into the receipts (debit) side of the treasury chest book in the following manner:
- Step 1:** On a daily basis enter the date, the serial number of the entry, the payer's names, and the amount received on each Form 39.
- Step 2:** Enter all the Form 39s for the day and total them up and then enter the total for the day in the totals column of the receivable order [**refer to Appendix 3.10**].
- 3.3.5 A Controller of Accounts or the head of finance section shall regularly verify the recordings made in the Treasury Chest Book against the Form 39s issued out to verify its accuracy.

Posting the receipts to the Accountants Register of Receipts – Finance form 65

- 3.3.6 This book shall be used to record the daily receipts so as to be able to summarize the receipts per item (source) and code by the end of the month. The file of Form 39s issued out in each month shall be used by the book keeper to post *Finance Form 65 – the accountants register of receipts* in the following way:
- Step 1:** At the beginning of each month enter the column headings for revenues according to budgeted revenue sources and codes.
- Step 2:** Obtain the file of Forms 39s and enter the columns for the date, serial number of the transaction and names of payee.
- Step 3:** Enter the amount received into the relevant column of the source of receipts or, in case the receipted item is not amongst the budgeted revenue sources enter the amount in the column for unallocated receipts.
- Step 4:** Post any amounts collected on behalf of other LGs and/or the State.
- Step 5:** Enter the details of particulars and amounts received from miscellaneous non-revenue items receipted into the miscellaneous column, also enter and deposits received in the receipts to Ohad column.
- Step 6:** Enter the total amount as per each receivable order into the column for receivable order amount.
- Step 7:** Add this amount to the cumulative total of receipts so far entered into form 65 in order to obtain anew cumulative amount of receipts in the month to date; enter the resultant figure into the cumulative column for month to date.
- Step 8:** At the end of each month, total up the individual columns for receipts and obtain the monthly totals of receipts from each source of receipts [**refer to Appendix 3.11**].

Revenue collection monitoring

- 3.3.7 The Chief Administrator, the Head of Finance and other senior staff of the LG shall conduct regular and surprise on-the-spot inspections to monitor the activities of the rate collectors in the field and ensure that all payers are being identified, registered, billed and made to pay promptly and that no payer is evading payment.

3.4 Grants (Transfers)

- 3.4.1 Grants are transfers received by a LG from the national and state governments as well as from any other sources including the international donor community and NGOs, private individuals and companies, community contributions in cash and kind etc. Grants are an area of special interest in PFM as they pose a major challenge to the LG since quite often the grantor/benefactor will desire to seek reassurance that the funds transferred are used properly, for the purpose intended and are accounted for.
- 3.4.2 The key concern of the grantor/benefactor is the funds transferred to the local government are used in accordance with their specified purpose. For example, the County Development Grant must be spent on capital projects identified through participatory budgeting. The local government must also be able to show in its budgets and reports that the grant has been used in accordance with its purpose.
- 3.4.3 If there is evidence that the grant is not being used in accordance with the intended purpose, the LG shall immediately take steps to rectify the problem and also to notify the grantor in order to determine what, if any, corrective action must be taken.
- 3.4.4 Grants shall therefore be considered by the LG managers to be a special form of financing that deserves special care and a high level of professionalism and integrity in handling and accounting for them. The need for strong procedures for the recording of all monies received from grantors as well as stringent procedures to account for every pound spent from the grant funds in details is obvious.
- 3.4.5 All the key PFM processes, including authorisation, recording, accounting and reporting requirements that are prescribed in this LG PFM manual shall apply equally, if not more importantly to grants just like they apply to the non-grant funds of the LG Unit.

Recording of transfers

- 3.4.6 To account for receipts by direct transfers (such as transfers from the State, the Central Government, and donors) to the bank account of the LG the following procedures shall be applied:

Step 1: The Chief Administrator shall confirm the direct transfer amount and issue an acknowledgement letter.

Step 2: On the basis of this acknowledgement letter the cashier shall write out Finance Form 39 – the receivable order – in the names of the source of the direct transfer. The form together with the acknowledgement letter is filed in the file of form 39s issued out in the month so that it can be posted to the Treasury Chest Book or cash book in the same manner as other receipts.

Posting of the transfers in the accountant's register of receipts should then be made by applying the same steps in paragraph 3.3.6 above

4. PROCUREMENT AND CONTRACTS MANAGEMENT


4.1 Legal Framework

- 4.1.1 The legal framework for LG procurement is the Interim Public Procurement and Disposal Regulations 2006. At the time of drafting this Manual, the Public Procurement Bill was prepared but not approved. In anticipation of approval, the Manual has been drafted to be consistent with its provisions, and with the existing framework set out in the Interim Public Procurement & Disposal Regulations. In the event of any material changes to the Bill during its passage, the Manual will be updated and reissued.
- 4.1.2 The Ministry of Finance & Economic Planning, through its Directorate of Procurement, has oversight responsibility over all procurement by government institutions in South Sudan.

4.2 Scope and Objectives of Public Procurement

- 4.2.1 “Procurement” refers to the purchase of goods, works and services from suppliers and contractors. The goods, works and services are procured for use either in administrative activities or in delivery of services to the citizens. Goods are supplies of tangible items that are consumed in the operations and service delivery examples of which are stationery, fuel, water, electricity, drugs, school chalk and the like; services are of two categories – consultancy/advisory/professional services such surveying, legal services, and engineering which are procured from qualified professionals, and the non-professional services such as cleaning contracts, transportation contracts etc.; works refer to construction and rehabilitation contracts on buildings, roads, bridges, plant etc.
- 4.2.2 Public procurement is important in PFM because of the need to ensure a constant supply of goods, services and works for the LG to perform its mandated functions in the most efficient and effective way or for the community to meet its identified priorities. The desirable characteristics of a good procurement system in a LG and the community are that it should:
- Be as transparent as possible* – it must not only be seen to be transparent by seemingly applying the public procurement regulations, it must in fact be transparent.
 - Be competitive* – all bidders that satisfy the requirement shall be given equal opportunity to participate in public procurement processes
 - Provide open avenues for addressing grievances* – this allows dissatisfied bidders to be able to put forward their grievances, be heard and their complaints be addressed; it is an important measure against corrupt practices in public procurements.
- 4.2.3 Procurement should be conducted in the stages/ phases shown below.

Figure 4.1: Overview of stages in the procurement process

What stages?		Who is involved?
5. Contract Close out		For general goods, payment of the supplier closes out the contract; for long contracts, the contract administrator advises the Chief Administrator to issue a completion/takeover certificate and any final payment is made by the director of finance
4. Contract Administration		The contract manager – the engineer or head of user department; procurement unit process pavement claims, the finance director & the Chief Administrator pay, contractors/suppliers.
3. Solicitation & selection		The procurement committee, procurement officer, tender evaluation committee, chief Administrator, tenderer.
2. Requisition		User sector head/head of department, the Chief administrator and the procurement officer
1. Planning		LG sector/department officials and the various stakeholder groups during the annual LG planning & budgeting. For community driven procurement, the members of the respective communities.

- 4.2.4 The rest of this chapter is devoted to explaining these procurement stages in the sequence in which they should be conducted; i.e. from the procurement planning stage up to the time the procurement contract is completed and thus closed out. Before this is done, the institutional arrangements for procurement are first set out.

4.3 Management of Procurement Process

- 4.3.1 At the Local Government level, the Chief Administrator is the accounting officer and has overall responsibility for procurement.

- 4.3.2 The Chief Administrator is responsible for:

- ensuring the establishment of a **Procurement Unit**;
- ensuring the establishment of a **Procurement Committee**;
- managing the procurement plan
- appointing the Evaluation Committee for each Procurement Process, following the approval by the Procurement Committee;
- advertising Bid Notices;
- reviewing approval of award made by the Procurement Committee and communicating Award decisions;
- certifying the availability of funds to support the Procurement or Disposal activities;
- signing contracts on behalf of the Local Government;
- investigating complaints by Providers or Bidders;
- submitting a copy of any complaints and reports of the findings to the MoFEP Directorate of Procurement through the State Ministry of Finance; and
- ensuring that the implementation of the awarded Contract is in accordance with the terms and conditions of the Award.

- 4.3.3 The remainder of this section sets out the composition and responsibilities of the Procurement Unit and the Procurement Committee in more detail.

Procurement Committee

- 4.3.4 The role of the Procurement Committee is to oversee the procurement process in the Local Government, provide authorisation and approval during the procurement process, including award of contracts, and to ensure that best practices and legal frameworks for procurement are followed.

- 4.3.5 The Chief Administrator shall establish the Procurement Committee with five members. The Committee will be chaired by the Head of Finance of the Local Government. The other four members shall have a term of two years, which may be renewed for a subsequent identical term. The Chief Administrator must appoint the members of the Procurement Committee with regard to the technical competence and skills required for it to carry out its functions.

- 4.3.6 The head of the Procurement Unit shall act as the Secretary to the Procurement Committee. The Procurement Committee may co-opt Technical Advisors to assist it in carrying out its functions.

- 4.3.7 The Procurement Committee has the following functions:

- approve the annual procurement plan of the Local Government
- during each procurement, the committee will approve:
 - a. the choice of procurement method
 - b. the Bidding and Contract Documents
 - c. approve the membership of evaluation committees following recommendation by the Procurement Unit
 - d. reviewing and approving the recommendations from the Evaluation Committee (technical, financial or combined evaluation reports);
 - e. contract documentation in line with the authorised evaluation report; and
 - f. the award, in accordance with the chosen procurement method

- g. any amendment to an awarded Contract;
- ensuring that best practices in relation to Procurement and Disposal are strictly adhered to by the Local Government;
- monitoring compliance with the legal framework (IPPDR, 2006, and the Public Procurement Bill once passed into law);

Procurement Unit

- 4.3.8 The Procurement Unit shall be part of the Administration Department and report directly to the Chief Administrator.
- 4.3.9 The Procurement Unit should be staffed by trained procurement officers. Note that where a Procurement Unit does not exist in a Local Government, the first step to be taken is that the Chief Administrator should appoint an existing official as the procurement focal point to carry out the functions of the Procurement Unit.
- 4.3.10 The role of the Procurement Unit is to plan and coordinate all the procurement activities of the Local Government and to provide the Secretariat to the Procurement Committee.
- 4.3.11 A Procurement Unit shall:
- manage all Procurement or Disposal activities of the Procuring Entity, except adjudication and the award of Contracts. This includes preparing the Local Government’s procurement plan based on inputs from the User Departments and coordinating the procurement activities of the User Departments;
 - act as Secretary to the Procurement Committee, and prepare documentation for the Procurement Committee’s approval:
 - a. recommend Procurement and Disposal methods
 - b. prepare Bid Notices and bidding documents
 - c. prepare contract documents
 - recommend membership of the Evaluation Committees to the Procurement Committee
 - implement the decisions of the Procurement Committee;
 - check and prepare statements of requirements;
 - maintain a list of pre-qualified Suppliers and Contractors;
 - issue approved Contract documents;
 - maintain and archive records of Procurement and Disposal Processes, ensuring that the all documents relating to procurement processes are recorded, filed and preserved;
 - prepare quarterly reports for the Procurement Committee; and
 - ensure basic contract information is publicised, at a minimum by posting the basic information on the LG notice board and for works, ensuring a sign-board with basic information is set up at the project site.

User Department

- 4.3.12 The user department is the department that will ultimately make use or benefit from the goods, works or services that are being procured. For example, if the local government is building a school, then the user department is the Education Department. Note that for all infrastructure investments the Public Works Department should also be involved.
- 4.3.13 The User Department of a Procuring Entity shall:
- liaise with and assist the Procurement Unit throughout the procurement process
 - provide technical input and specifications to the Procurement Unit
 - provide input into the technical evaluation of bids received
 - report any departure from the terms and conditions of an awarded Contract to the Procurement Unit;
 - forward details of any required amendments to Contracts to the Procurement Unit for action;
 - participate as a member in the Verification and Acceptance Committee for each Procurement Process;

- maintain and archive records of contracts management; and
- prepare any reports required for submission to the Procurement Unit, the Procurement Committee or the Accounting Officer.

4.4 Planning Stage

4.4.1 The procurement requirements for the LG should be identified and planned for during its annual planning and budget process. For details on how the communities and LG officials identify requirements during the annual planning and budget process please refer to the “Guidelines on Participatory Planning and Budgeting for LGs” and Chapter 2 of this Manual.

4.4.2 During the annual plan preparation, LG officials and the communities should:

- Describe, in general terms, what goods, works or services are being considered for procurement as a result of the activities they intend to do and investments to be made.
- Provide estimated quantities and costs of all requirements expected in the coming year.

4.4.3 Once the concrete annual plan and the budgets of the LG have been finalized the procurement officer shall prepare an **annual procurement plan** (see Annex 4.2).

4.4.4 The annual procurement plan should be prepared in the following manner:

Step 1: From the draft annual plan of the LG, obtain/extract details of items required for the implementation of projects/programs in the ensuing year; describe them in specific terms, i.e. what items will be procured and under what conditions.

Step 2: From the draft annual budget and detailed working papers used in budget drafting, obtain/extract the cost estimates for the specific project/programme procurements

Step 3: Extract estimated quantities and costs for routine supplies such as fuel and paper from the draft annual budget, working papers and work plans if any.

Step 4: Determine the *procurement method*, which will be applied to procure the items. The procurement method is usually a function of the value of the items to be procured [Appendix 4.1 – Thresholds for Procurement Methods refers]. For details of the various procurement methods, refer to procurement methods in Figure 4.2 below.

Step 5: List all stakeholders who will be involved in the procurement process for each item, along with contact information and a description of their procurement role (e.g. engineers and architects).

Step 6: Complete the procurement plan template by entering details for description of items to be procured, quantity, projected start and end dates, estimated value, procurement method and estimated duration of the procurement action [refer to Appendix 4.2]

Step 7: The Procurement plan is reviewed and approved by the Procurement Committee. While updating the plan the “actual” data should also be entered in the plan.

Figure 4.2: What procurement methods should LGs use?

<p>1. Methods for Goods, Works and Non – consultancy services</p> <p>The Local Government shall use Open Competitive Tendering methods except as provided otherwise under specified conditions. The open tendering methods are:</p> <ol style="list-style-type: none"> International Competitive Tendering (ICT) – a bid notice in open competitive tendering shall be published in at least one national newspaper of wide circulation in South Sudan, and internationally to attract adequate local and international competition, except in cases where the Local Government decides, with the approval of the MoFEP Directorate of Procurement, that only National Providers are likely to be interested in submitting bids. It may also be used for medium value items if the procurement officer has analysed the local market and concludes that the number of suppliers in the local market is not sufficient for effective competition. National Competitive Tendering (NCT) – the invitation to/for tender [ITT] is advertised only in the national media/press. All potential suppliers (national and foreign) are free to respond to the advertisement. This method shall be used for items of medium value that do not exceed the threshold required to apply international competitive tendering; where payment may be made wholly in SSP; the goods, services or
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works are available locally at prices below what it would cost in international markets or where foreign suppliers are not expected to be interested.

- c. **Local Competitive Tendering for works and labour contracts (LCT)**—under this method the tender will be advertised locally using media such as in local newspaper, radio, posting notices at strategic places, circulating such notices or reading them out in community meetings or other public gatherings. This method shall be used for procurement of works and labour of value within the threshold for Request for Quotations.

The following other methods may be used to procure goods, works and non-consultancy services as determined by the specified conditions:

- d. **Selective Tendering**- Used where the subject matter of procurement process, by reason of: (i) its highly complex or specialised nature, is available only from a limited number of Suppliers or Contractors; OR (ii) the time and cost required to examine and evaluate a large number of bids would be disproportionate to the value of the subject matter of the Procurement process; OR (iii) there is insufficient time, in case of an emergency, and there are a limited number of Suppliers or Contractors that could be trusted with fast execution. In the case of condition (i) invite all available suppliers or contractors to participate; and in the case of conditions (ii) and (iii) invite as many suppliers or contractors as practicable and the number shall NOT be less than three.
- e. **Request for quotations or the shopping method** – the invitation to bid is only given to firms from *the list of pre-qualified suppliers/providers*. Any LG considering using limited tender must maintain a register of prequalified providers from which to select; i.e. the competition shall be limited to some suppliers/contractors; minimum three selected using a transparent process. This method shall be used by a LG for goods, works and non-consultancy services that are on the local market, so long as the estimated value of the item/service of the request for quotations is less than the threshold amount as provided in Appendix 4.1 and it is justifiably reasonable not to cause unnecessary cost increases and delays in procurement of the items by calling for bids. The procedures to follow are detailed in Section 4.6.5
- f. **Single source procurement or direct contracting**– This is to be applied only where: the subject matter of procurement process is available only from a particular provider or Contractor or particular provider or contractor has exclusive rights in respect of such items/services; in cases of emergency or catastrophic event(s); where additional supplies in limited quantities only to the original amounts are required and it is costly to re-tender; and where classified and security sensitive supplies whose publicity compromises national security are involved. When used, the reasons that prompt recourse to direct contracting shall be indicated together with supporting technical material and financial records prepared by the procurement committee showing that direct contract was the best option in the case.
Single Source procurement above SSP 150,000 shall require approval of the MoFEP Procurement Committee.

2.Methods for Selection of Consultants

a. Selection of Consulting Firms:

Request for proposals (RFP) shall be used for selection of professional services of firms using the two-envelope tendering procedure. In this case selection based on cost alone generally does not lead to the most suitable firm to provide quality service.

b. Selection of Individual Consultants:

This method is used for assignments which can best be carried out by an individual consultant. The selection shall be carried out through the comparison of relevant overall capacity of at least three qualified candidates among those who have expressed interest in the assignment against advertisement (if advertised) or approached directly by the LG.

Refer to section 4.8 for procedures to be followed for selection of consultants.

4.5 Requisition Stage

- 4.5.1 Procurement requisitions should be made in accordance with the timeframes specified in the annual procurement plan. The implementation of the procurement plan shall start at the

same time as the implementation of the annual plan and budget. When it is time to procure any of the items the following procedures shall be undertaken by the user department⁹:

Figure 4.3: Steps in the requisition for procurements

Step	Responsibility	Activity
1	User department /unit	Liaise with and assist the Procurement Unit throughout the procurement or disposal process to the point of Award. Initiate requests for procurement/disposal as derived from the LG Annual Procurement Plan by providing technical input and detailed specifications for the item(s) or services to be procured to the Procurement Unit. For capital/local infrastructure projects, the user department should consult with the Public Works Department for appropriate technical guidance.
2	User department /unit	Estimate detailed costs of the item(s) based on current market prices, the procurement plan, the annual budget and other relevant information. Quoting the approved budget and the annual procurement plans as the authority, complete procurement requisition form and forward it to the procurement unit/officer responsible for procurements within a LG through the Chief Administrator [refer to Appendix 4.3].
3	The Chief Administrator	Before the Chief Administrator authorizes a requisition form, he/she should critically examine it to ensure that sufficient funds are available and approved for this procurement in the annual budget and that given all other needs of the LG this procurement is absolutely necessary at this point in time. Once approved, the procurement requisition should be forwarded to Procurement Unit for action.
4	Procurement unit	Receive and review procurement requests against the specifications provided by the user department and confirm that they contain the necessary information and standards to facilitate a competitive procurement process.
5	Procurement unit	Update the plan of procurement and Disposal activities based on inputs from the User Departments
6	Procurement unit	Refer to the procurement plan on the choice of procurement or disposal method applicable and update appropriately, and prepare bidding documents.
7	Procurement unit	<ul style="list-style-type: none"> • For goods and works establish evaluation criteria i.e. how the various offers received from potential suppliers shall be evaluated. LG officials shall write clear and concise definitions of each criterion to facilitate a good understanding of its meaning so as to avoid confusion at the time of evaluating the offers. • In the case of consultancy/professional services, the procurement officer shall consult the user department to develop appropriate technical and financial evaluation criteria with details of the scoring system. It shall explain how proposals will be evaluated and provides specific meaning of the scoring methodology. • Finally, compile together all the necessary information into a tender/solicitation package. Prepare a full set of solicitation documents using the standard tender/solicitation documents at Appendix 4.4. which are applicable for use under Request for Quotation/Shopping and Local Competitive Tendering. • Consult the Directorate of Procurement of MoFEP for the relevant standard tender document for ICT and NCT.

⁹ The procedures discussed here are for material items that require fairly substantial amounts of money; small routine items may just be procured from petty cash without going through costly and long administrative procedures.

Step	Responsibility	Activity
8	Procurement Committee	Review and authorise the choice of procurement or disposal method if different from what is in the approved procurement plan, ratify notices, bidding documents.

Writing the Specifications/statement of work/terms of reference

- 4.5.2 Specifications for goods and non-professional services, statement of works (or bills of quantities) for works, and terms of reference in the case of professional services should be developed by the user/ requesting party (the department or officer going to use the items being procured).
- 4.5.3 Specifications would aim at opening up competition. Thus in drawing up specifications LG officers should avoid over-specification as this may increase the cost of procurement; they will use clear language and be accurate in all descriptions to minimise misunderstanding by the potential bidders and the members of the tender assessment team.
- 4.5.4 For works, Local Government officials should refer to the standard designs and bills of quantities set out in the *Local Infrastructure Service Delivery Framework* issued by the Ministry of Finance and the Local Government Board. For highly technical procurements, LGs should engage a specialist to review and proofread the specifications/TOR/SOW before finalizing them.
- 4.5.5 Specifications should be written in a manner to provide a precise description of the critical features a supply or service must have to satisfy an LG's needs. A specification should be written from the general to the specific. The procedures to be taken to write specifications are as follows:

Step 1: List the name of the supply or service sought; e.g. a "Power Generator for the Headquarters of XYZ Payam"; do not list a specific brand name in the title.

Step 2: State the purpose for which the item will be used, e.g. suitable for power supply to all the payam administration offices. Suppliers should know the intended use to decide what type of product to bid for.

Step 3: List all the critical features the product must perform or have to meet the LG's requirements; e.g. for a 12 hour non-stop power supply each day, etc.

Step 4: Identify the minimum requirements, but make sure the stated minimum is a product that will satisfy the LG, e.g. with self-starter, 10KVA generator or above. Avoid implying that only a certain *brand name* would be acceptable. If a single brand name is necessary to provide the necessary quality, written justification shall be provided.

Steps 5: Provide any special requirements that the product or supplier must perform including say, guarantee, spare parts, training required etc.

Steps 6: Describe any unusual conditions, such as installation, funding source, etc.

Steps 7: Describe if necessary, any receiving procedures; e.g. if testing, sampling, or other evaluation will be performed when commodity is delivered to determine acceptability.

4.6 Solicitation, Opening and Evaluation of tenders for Goods, Works and Non-Consultancy Services

4.6.1 This stage of the procurement process should include the issuance of the solicitation/tender/bidding documents, receipt of and opening the offers evaluation of offers and award of contract.

4.6.2 It is important to note that various categories of procurement of goods and works use different tender documents. These are further differentiated by the various methods of procurement

4.6.3 For usage by Local Government the standard/ model solicitation/tender/bidding documents for Local Competitive Tendering and Request for Quotations/Shopping have been set out in

Appendix 4.4.

- 4.6.4 Local Government should consult the Directorate of Procurement in MoFEP to collect standard tender documents for ICT and NCT for usage.
- 4.6.5 Solicitation, opening and evaluation of tenders for Goods, Works and Non-Consultancy Services should be conducted in the following manner:

Step 1: Advertise a notice in the press/media in the case of open competitive tender calling for potential buyers to collect the IFB/ITB/ITT; in the case of limited tender refer to the list of prequalified providers and identify all providers listed as suppliers of the item being procured.

Step 2: Issue out the solicitation document to interested bidders who choose to collect/buy it- this must start immediately on the issue date indicated in the published ITT/ITB. Tenderers should be allowed sufficient time to prepare and submit their tenders as per the table below:

#	Method	Minimum time allowed from date of issue of document
1	International Competitive Tendering (ICT)	6 weeks
2	National Competitive Tendering (NCT)	4 weeks
3	Local Competitive Tendering (LCT)/Request for Quotation (RFQ)	2 weeks
4	Others methods (Selective Tendering, Single Source)	Depends on complexity and scope of the tender (2 – 4 weeks)

Deadline date and time for submission of tenders should always be indicated in the ITT/ITB. Each tenderer who purchases a solicitation document should be recorded thus:

LIST OF FIRMS THAT COLLECTED SOLICITATION DOCUMENTS

Name	Date	Signature

Steps 3: When potential tenders request for clarifications on the solicitation documents, record such clarification requests into a Log of Clarifications Requested and Received:

LOG OF CLARIFICATIONS REQUESTED AND RECEIVED

Tender	Date request sent	Date request received	Brief description of issue

Steps 4: Review and answer requests for clarifications received in writing to all tenders who have taken/purchased the solicitation document without giving the name of the tenderer who sought for the clarification. The answers or in the case of the LG issuing other formal addendum to the solicitation document, record all such replies/addendum into a log of addenda to solicitation documents issued:

LOG OF ADDENDA TO SOLICITATION DOCUMENTS ISSUED

No.	Reference to par. or clause in Solicitation Documents	Date issued
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Steps 5: Receive all tenders submitted in time and reject (return unopened) all late submissions. Submissions should be in sealed envelope properly addressed to the LG and marked as tender for supply/construction of requested service/material/equipment. All tenders received should be recorded in a tenders/bids received book which should have a provision for the tender to sign at the time he/she comes in to submit the tender; each tender submitted should be allocated a number in this book and this number should be given to the tender.

LIST OF FIRMS THAT SUBMITTED TENDER

Name	Date and Time	Signature
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After being recorded in the book the tender submissions shall be dropped, by the tenders, in a sealed marked tender box prominently located at the front offices of the LG.

Steps 6: *Open the tender submissions* immediately after the expiry of the last hour and date of submission in presence of tender’s representatives who chose to attend. A team comprising of at least two officials of the LG shall be present at the opening. All those present at the tender opening, including the tender’s representatives in attendance, shall sign a register of attendance.

REGISTER OF ATTENDANCE AT TENDER OPENING

Name	Tender	Tel. #.	Signature
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LG officials should apply a checklist of items to check the individual tender submissions immediately they are opened and be able to record down key aspects of each tender submission based on items in this check list. **[Refer to Appendix 4.5 Record of Tender Opening].**

No tender shall be rejected at the opening except late submissions. Immediately after the opening and recording, all tenders shall be stored safely and confidentially in a locked cabinet until they are made available only to the tender evaluation committee.

In case of **Shopping**, where only two tenders are received, the tendering process can only proceed after approval is obtained from the Procurement Committee. The procurement committee shall examine the circumstances of getting only two tenders, after which approval is granted or recommendation made to retender. The committee shall be guided by the availability or unavailability of such tenders in the locality. If the procurement committee is not satisfied, it shall recommend for retender or any other alternative solution.

In case only one quotation is received under shopping the that single quotation should not be accepted and should be either re-tendered if there is likelihood of getting more tenders or some other alternative course of action is taken as deemed fit

At the end of the tender opening exercise, the Procurement Officer who acts as the tender opening panel shall prepare minutes of the tender opening process and the minutes are to be signed by the chairperson, and any other LG staff, present at the tender opening ceremony [refer to Appendix 4.6].

- Step 7: Conduct an evaluation** of all the tenders/offers/bids. An evaluation committee will be specially constituted for the purpose of evaluating the tenders opened. The committee should consist of at least three members and include representatives from the user department, from the procurement unit and other experts as needed with sufficient technical ability to evaluate the tender at hand.¹⁰ Membership of the evaluation committee will be recommended by the Procurement Unit, approved by the Procurement Committee and appointed by the Chief Administrator. The members of the Evaluation Committee should be given evaluation/assessment forms and sitting together in a meeting they will go through the assessment criteria and then, using such pre-set evaluation criteria/standards they will:
- a. Evaluate each tender’s responsiveness to the criteria outlined in the tender document;
 - b. Perform price comparison of the tenders,
 - c. Compare and rank the evaluation results of substantially responsive tenders,
 - d. Examine the lowest priced responsive tender for post qualification requirement and recommend for award of contract if found qualified. If not, move to next higher offer
 - e. At the end of the evaluation process complete a Procurement Evaluation Report Form, which every member of the panel shall be obliged to sign [see Appendix 4.7].

Due to the importance of the evaluation/assessment in the tendering process, further explanation/ elaboration of this procedure is provided below (refer to section 4.7 Award Criteria & Evaluation Process below)

- Step 8:** The completed and dully signed Procurement Evaluation Report should be submitted by the Chairperson of the assessment panel to the procurement unit officer who should then forward it to Procurement Committee.
- Step 9:** The Procurement Committee should review the Procurement Evaluation Report and make a decision to award the contract to the lowest priced responsive and qualified tenderer.
- Step 10:** The decision of the Procurement Committee after obtaining approval of the Chief Administrator should be displayed on the public notice board of the LG for a minimum period of ten (10) days indicating the winning tender, the losing tender and the reasons for the decision(s). During this period, complaints and appeals might be received on all or some of the aspects of the tendering process from any of the tenderers or from any other source; such complaints and appeals should be recorded into a log of complaints and appeals received:

LOG OF COMPLAINTS AND APPEALS RECEIVED

Tender or Appellant	Date received	Brief description of issue

All complaints and appeals should be investigated and appropriate action taken by the Chief Administrator, including where the complaint is proved to be very serious, especially

¹⁰ Such as a representative from the MTC in case of procurement of vehicles

bribery, the cancellation of the provisional award of the tender. (Refer to 4.12 for further details on Administrative Review.

Step 11: After the expiry of the tender award display period, the Chief Administrator should issue a **Notice of Award**; the winning tender will be informed in writing and requested to indicate whether or not he/she will proceed with the contract/offer and where, applicable to furnish the LG with a performance security; the time limit for acceptance should be stated in the award notice [See Appendix 4.8].

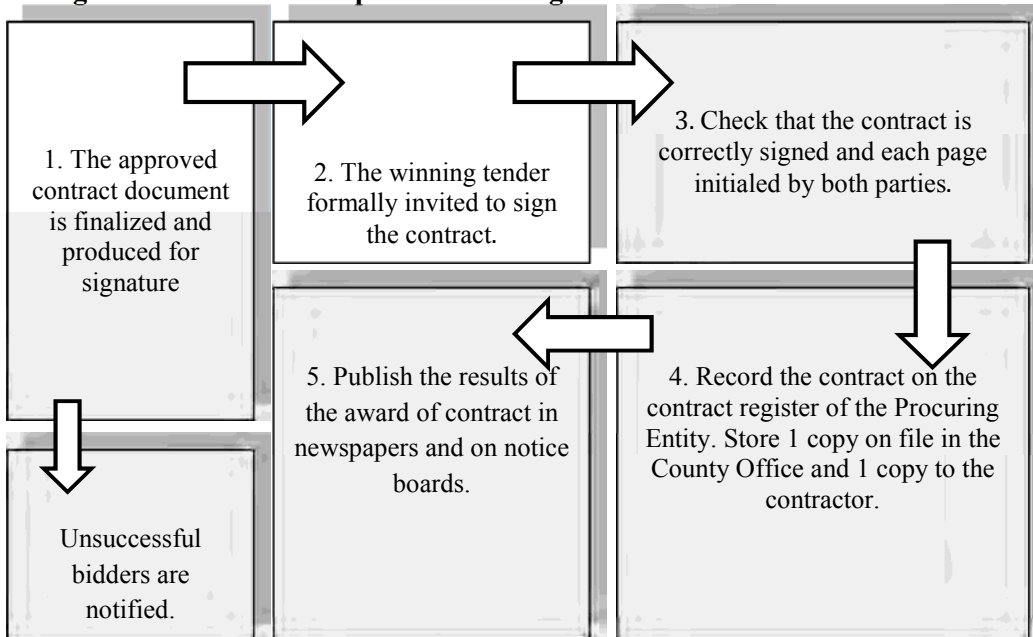
Step 12: The Contract for works or services or Purchase Order (for goods) should be signed by the Chief Administrator and issued to the winning tender [See Appendix 4.8 Tender Award]. Standard contracts are contained in the **Appendix 4.4 Standard Invitation to Bid Forms**. A contract shall be a formal legal agreement written, between the LG and suppliers/providers; it enters into force as soon as both parties sign it.

The contents of the contract document should depend on the contents of the tender documents and the nature of the tender. The following issues related to preparing the contract should be considered when writing the contract:

- What outcome does the LG want as a result of the contract?
- What does the LG want to avoid in the contract?
- What remedies are available, (if things go wrong), to protect the LG so that the negative impact on its activities and financial position is as low as possible?

The following diagram outlines the process of preparing and signing procurement contract documents.

Figure 4.4: Contract Preparation and Signature¹¹



¹¹ Adopted from the Procurement Handbook For LG Officer in South Sudan, Sudan Bridge Project

4.7 Evaluation of tenders and Award

4.7.1 This section provides further guidance on how to conduct an evaluation of tender offers, i.e., step 7 of the solicitation and evaluation stage.

4.7.2 In order to evaluate/assess the tender offers received LG officials should complete the Procurement Evaluation Report Form *[Appendix 4.7]* by completing the following steps:

Step 1: Complete Tables 1 of the Evaluation Report form providing details on the nature of the procurement and the procurement process.

Step 2: Complete Table 2 Bid Prices by entering the bid prices as read out at the tender opening. Use the information from the minutes of the bid opening to complete this table.

Step 3: Conduct an *examination* of the individual tender submissions and complete Table 3 Preliminary Examination. This examination should *focus on determining whether the tender is responsive* or not to the requirements of the tender documents; i.e. assess the legality of each tender, its commercial and technical compliance. This examination should involve checking the tenders to see if (1) they comply with the ITT/ITB generally; (2) the tender's acceptance of the LG's terms and conditions of contract; (3) compliance with tender validity period, (4) the tender is complete, there are no missing pages; (5) check for unauthorised amendments; (6) check that tender is signed by authorised person and accompanied by proper powers of attorney; (7) is accompanied by proper bid security, if applicable; (8) compliance to the minimum technical and commercial specifications

The evaluation panel should decide which deviations (or non-compliance) from the above requirements are material for which the applicable tender submissions should then be declared as substantially not responsive; any tender so declared should not be considered for the next stage of evaluation.

All tenders declared as responsive should qualify for further assessment to compete on price.

Step 4: Financial evaluation of substantially responsive tenders.

Check the *responsive tenders* for arithmetical accuracy and detailed examination of price schedules and bills of quantities. Corrections for errors (unintentional mistakes) in addition, subtractions, multiplications should then be made and the prices adjusted accordingly. Do this by completing Table 4 Corrections and Unconditional Discounts.

Where different tenderers have submitted their tenders in different currencies such as some submitting in US dollars and other in South Sudan Pounds, one currency should be chosen and all the tenders should be converted to this currency by applying a published exchange rate of the bid submission date. The source of the exchange rate (usually the Bank of South Sudan) should always be indicated. Enter the converted prices into Table 5 Currency Conversion.

Step 5: Rank the prices starting with the lowest evaluated price; the lowest priced, responsive tender should be recommended for award of the contact/ order if there is no post qualification examination required. Complete Table 7 Proposed Contract Award showing the details of the proposed contract award.

Step 6: Conduct post-qualification examination as per Table 6 when no pre-qualification procedure was used. This process is as follows:

- Assess one tenderer at a time starting with the lowest priced responsive tender, and only assess the second and subsequent lowest priced responsive tender when the lower priced responsive tender fails the post-qualification assessment.

- The lowest priced responsive tender should be subjected to the post-qualification examination covering the following aspects (add/delete as applicable):
 - i. experience and performance on similar contracts;
 - ii. financial position
 - iii. qualifications and experience of personnel (in case of works);
 - iv. equipment and construction facilities (in case of works)
 - v. local facilities and representation(in case of some goods);
- Record any constraints or limitations, and accept or reject (with full justifications) the tender.
- If the tenderer is rejected, repeat the post-qualification test for the next lowest priced responsive tender
- If a tender is confirmed to have passed the post-qualification requirements a recommendation is made for award of the contract.

Labour Contracts: For the labour contracts, after following the above mentioned evaluation process, the evaluation committee will invite the qualified and experienced contractor who submitted the lowest evaluated price for interviews to ascertain his experience and skills. When satisfied with his experience and qualifications, the committee will proceed to finalize the contract with the contractor. A sample contract format is provided at Annex 4.4 (section 6)

4.8 Procedures for Selection of Consultants

Selection of Consulting Firms

- 4.8.1 The preferred selection method is Quality and Cost Based Selection (QCBS). This method ensures quality and economy as well transparency and the principle of equal opportunity to consultants
- 4.8.2 A Procuring Entity shall initiate competitive selection of consultants by publishing a notice inviting consultants to submit expression of interest in submitting a proposal for consultancy services. Procuring Entity shall be responsible for the preparation of a short listing of consultants to be considered to participate in the selection process. The shortlist shall comprise at least 3 and not more than 6 consultants.

Content of Request for Proposals

- 4.8.3 The procuring Entity shall prepare and issue a Request for Proposal document to the short listed consultant. The content of the RFP shall include:
- i. Letter of Invitation
 - ii. Information to Consultants
 - iii. Data Sheet
 - iv. Standard Technical Proposal Forms
 - v. Standard Financial Proposal Forms
 - vi. Terms of Reference
 - vii. Standard Form of Contract

The LG should contact the MoFEP Directorate of Procurement to get standard RFP for use.

Criteria for the Evaluation of Proposals

- 4.8.4 The Procuring Entity shall establish criteria to evaluate the proposals and determine the relative weight to be accorded to each criterion and the manner in which they are to be applied in the evaluation of proposals.

Conditions for use of other Methods of Selection of Consultants

- 4.8.5 A Procuring Entity may with approval of the MoFEP select consultants by Quality-Based Selection for the following types of assignments:
- (a) complex or highly specialized assignments, where it is difficult to define precise terms of reference and the required input from the consultants;
 - (b) Assignments that have a high downstream impact where the objective is to have the best experts; and
 - (c) Assignments that can be carried out in substantial different ways where proposals will not be comparable.
- 4.8.6 The LG may use selection under a fixed budget where the assignment is simple and can be precisely defined and below the threshold indicated in Appendix 4.
- 4.8.7 The LG may use least-cost selection procedures for small value assignments subject to the value threshold in Appendix 4 and where the assignment is of a standard or routine nature and well-established practices and standards exist. Examples of the latter case are engineering services, audits, accounting, banking, etc.
- 4.8.8 The LG may use selection based on consultants' qualifications for small value assignments subject to the value threshold in Appendix 4 where the need to prepare and evaluate competitive proposals is not justified.
- 4.8.9 The LG may select consultants by inviting proposals from a single consultant where there is:
- (a) only one eligible consultant;
 - (b) an emergency situation; or
 - (c) a follow-up assignment.

Receipt of Proposals

- 4.8.10 The Procuring Entity shall allow enough time for the consultants to prepare their proposals. The time allowed shall depend on the assignment but shall normally not be less than four weeks.
- 4.8.11 To safeguard the integrity of the process, the technical and financial proposals shall be submitted in separate sealed envelopes.
- 4.8.12 After the closing date and time for the submission of proposals, the appropriate proposal evaluation panel of the Procuring Entity shall open the technical proposals immediately after the deadline for the submission of proposals. The financial proposals shall remain sealed until they are opened publicly.

Evaluation of Proposals

- 4.8.13 The evaluation of the proposals shall be carried out in two stages: first the quality, and then the cost. Evaluators of technical proposals should not have access to the financial proposals until the technical evaluation is concluded.
- 4.8.14 The evaluation shall be carried out in conformity with the provisions in the invitation for proposals.

Selection Procedure where Price is a Factor

- 4.8.15 Where the Procuring Entity uses the procedure in this section; it shall make in the invitation for proposals a threshold on the quality and technical aspects of the proposals. Prior to proceeding with evaluation, the evaluation panel shall establish points for each category of items to be evaluated, and give relative weight and manner of application to fit into those criteria set out in the invitation for proposals. *(For example experience may have 10 points; the panel may decide experience over 5 years ... 4 points, below 5 years....2 points, in the region3 points, in the country.... 3 points; the best firm could collect the 10 points).*
- 4.8.16 The Procuring Entity shall notify the consultants whose proposals did not meet the minimum qualifying marks. And where non responsive to the invitation for proposals and terms of reference after the evaluation of quality is completed and within a period of 14 working days after the decision has been taken by the Procuring Entity.

- 4.8.17 After completion of the evaluation of technical proposals, price proposals of firms that attained a rating at or above the threshold specified will be opened in the presence of representatives of the shortlisted firms who may wish to attend the opening.
- 4.8.18 At the financial proposal opening, the name of the consultant, the quality scores and the proposed prices shall be read aloud and recorded. The Procuring Entity shall prepare the minutes of public opening of financial proposals, which shall be part of the evaluation report and shall retain this record.
- 4.8.19 The Procuring Entity shall compare the prices of the proposals that have attained a rating at or above the threshold. The successful proposals shall be:
- (i) The proposals with the best-combined evaluation in terms of the criteria as established according to 4.8.4 above.
 - (ii) The proposals with the lowest price in the case of least-cost selection; and
 - (iii) The consultants that submitted the highest ranked technical proposals within the budget;
- 4.8.20 The consultants with the winning proposals shall be invited for negotiations, which shall focus mainly on the technical proposals.
- 4.8.21 The proposed unit rates for staff-months and reimbursable shall not be negotiated unless there are exceptional reasons.

Selection Procedure where Price is not a Factor

- 4.8.22 Where the Procuring Entity uses the Quality-Based Selection, selection based on consultant’s qualifications or Single-Source Selection, it shall engage in negotiations with consultants.
- 4.8.23 The Procuring Entity shall invite for negotiations on the price of its proposal, the consultant that has attained the best rating. The Procuring Entity shall inform the consultant with the best rating that it is terminating the negotiations if it becomes apparent to the Procuring Entity that the negotiations with that consultant, will not result in a procurement contract.
- 4.8.24 The Procuring Entity shall, if negotiations with the consultant with the best rating fails, invite the consultant that obtained the second best rating, and if the negotiations with that consultant do not result in a procurement contract, the Procuring Entity shall invite the other suppliers or contractors for negotiations on the basis of their rating until it arrives at a contract or rejects the remaining proposals.

Selection of Individual Consultants

- 4.8.25 This method is used for assignments which can best be carried out by an individual consultant. The selection shall be carried out through the comparison of relevant overall capacity of at least three qualified candidates among those who have expressed interest in the assignment against advertisement (if advertised) or approached directly by the LG. Advertisement for getting expressions of interest is encouraged, particularly when the LG does not have knowledge of experienced and qualified individual or there is potential benefit from wider advertisement.
- 4.8.26 The individual with the most appropriate qualification and experience is selected, mostly after following an interview. The candidate is then invited to negotiate a contract. A standard Individual Consultant’s Lump-Sum Contract is in Appendix 4.

4.9 Guidelines for community driven procurement/contracting

- 4.9.1 The following guidelines are intended to foster participatory procurement processes to prevent loss of value for public money spent and to maximize benefits to the communities in line with the poverty eradication aspirations of the GRSS, the State Governments, LGs and the entire people of South Sudan.
- 4.9.2 A community is defined as a specific group of persons from within the general population of an area whose members have similar interests; examples of communities include

pastoralists, liberation war veterans, farmers, women and other marginalised groups etc., or simply as a group of persons who share similar interests simply by virtue of inhabiting the same area.

- 4.9.3 Community groups should be organised at the Boma level; the Boma level communities and organisations that represent them (their associations), especially the Boma Development Committee should lead the prioritisation, selection and the implementation/procuring of small social infrastructure investments as well as individual poverty eradication enterprises supported with public funds. All members of the specific community are free to participate in the community's management and operational activities that supported by public funds including its management.
- 4.9.4 Where the Government or other donor/benefactor chooses community contracting or procurement, it should hand over the financial management and procurement for specified community development projects to the communities themselves.
- 4.9.5 Local Government and CSO staffers should facilitate the various communities and their Boma Development Committees by providing them with advice on mobilisation and registration of community associations/organisations, identification of community based investment projects, planning, specifications, cost estimates, environment protection and projects implementation.
- 4.9.6 Each community shall select from amongst its members not more than 5 people to be the Boma Community Procurement Committee (BCPC) that shall be charged with the responsibility for the procurement process for small social infrastructure investments. The committee shall also be responsible for the procurement process involving the purchase of inputs/assets for publicly supported private enterprises of members.
- 4.9.7 To ensure the quality of the procurement process, following the selection of social infrastructure investment priorities and /or publicly supported poverty eradication private enterprises, the BCPC shall approach the Local Government or a CSO to seek technical assistance (advisory services) for the community with respect to drawing up a proper specification for the proposed procurement; selection of procurement method, supplier/tender selection as well as implementation. The Local Government or CSO shall then recommend a subject specialist to the BCPC for this purpose.
- 4.9.8 The BCPC shall use the specifications drawn up with advise from the subject specialist to conduct the procurement process for assets/services or inputs on behalf of the community; the subject specialist recommended to BCPC shall only be concerned with undertaking pre and post-delivery inspections/monitoring to ensure the suppliers/service providers comply with the specifications.
- 4.9.9 Depending on the value of the goods, works or services and the existence of markets for the goods in the area of the project the following methods may be used:

Shopping for Goods, Works or Services

- 4.9.10 Under this method, the BCPC shall solicit quotations from at least three qualified suppliers/contractors based on simplified quotation forms that include a description of the goods or works with detailed specifications and other requirements. All quotations shall be made in writing and signed.
- 4.9.11 Quotations shall be opened in a public ceremony attended to the extent possible by bidders and community members. Quotations received shall be evaluated by at least 3 BCPC members. The comparison of prices shall be carried out using a standard forms provided in Annex 4.10. As a general rule, a qualified supplier who offers goods or materials that meet the specifications at the lowest price shall be recommended for award of the contract. The BCPC shall produce and sign minutes of the evaluation process.
- 4.9.12 Communities shall undertake procurement of goods, works and services through shopping procedures up to a contract value or order estimated to cost less than **SSP 50,000**.

Local Bidding for Works or Labour Contracts

- 4.9.13 Under this method the bid will be advertised locally using media such as in local newspaper, radio, posting notices at strategic places, circulating such notices or reading them out in community meetings or other public gatherings. The advert will principally target contractors within the vicinity of the beneficiary community.
- 4.9.14 The request for bids shall spell out the work needed, the criteria for selection and the deadline for submission of bids. All applications will be opened at the same time and in the presence of the BCPC. The committee will evaluate the applications based on qualifications, experience, skills, price and proximity of the contractor to the project site. The committee shall seek assistance of technical staff at the County level in the selection of the contractor.
- 4.9.15 For labour contracts, after this initial evaluation, the committee will invite the qualified and experienced contractor who submitted the lowest evaluated price for interviews to ascertain his experience and skills, with the assistance of technical staff at County level. When satisfied with his experience and qualifications, the committee will proceed to finalize a contract. A format is provided in Appendix 4.4 (Section 6).
- 4.9.16 Payment should be agreed in stages e.g. at Foundation, Window, Roof and Finishing levels.
- 4.9.17 Community shall undertake Local bidding for Works and labour contracts for contracts estimated to cost less than **SSP 80,000**.

Direct Purchase (Single Source)

- 4.9.18 Direct Purchase, direct contracting, direct negotiations or sole source contracting is permitted only in exceptional circumstances when it is clear that competitive bidding is not possible or has been attempted and no response was obtained. This is because it does not encourage competition or afford the same levels of accountability regarding the use of funds. It is employed when there is only one contractor, supplier or consultant available; or when the project requires community participation to increase project sustainability.
- 4.9.19 Direct contracting of implementing agencies, communities, or qualified NGOs, for simple works (often in remote areas or of a nature or size that would not attract contractors), may be permitted if it can be demonstrated to increase project sustainability through the use of community labour or materials. Such an entity shall hire the necessary labour, purchases the required goods and materials and executes the works, almost like a commercial contractor would do. However, the advantages of increased sustainability through direct contracting of community groups shall, in all cases, be weighed against the benefits of encouraging or initiating grassroots commercial activities and competition.
- 4.9.20 Direct contracting for works and labour contract of value above SSP 40,000; for goods above SSP 10,000; and for non-consultancy services above SSP 5,000 shall require approval of Procurement Committee and the Chief Administrator.
- 4.9.21 Simple contracts shall be entered between the BCPCs representing the community and suppliers/contractors verbally or written where the amount involved is small. Once the BCDC has awarded a construction contract, a hand written or typed contract shall be produced with the advice of the recommended subject specialist and, signed shortly after the tender selection exercise.
- 4.9.22 In all cases the supplier awarded any contract by the BCPC shall deliver the goods, services or works directly to the community or individual beneficiaries from the Boma community groups; the members of the BCPC shall then inspect the goods/services delivered and confirm delivery in writing to the Payam Administrator.
- 4.9.23 The supplier/contractors shall then submit the invoice for payment to the Payam LG Administrator. The Payam Administration, on behalf of the Boma, shall make the payment directly to the supplier/contractor.
- 4.9.24 To ensure transparency in the procurement process members of the community shall be informed whenever goods are procured and delivered as well as the source of the goods and the price at which they have been acquired; this shall be done during community meetings or forums.

4.10 Contract Administration

4.10.1 At this stage, the LG officials shall manage the contract by working closely with the supplier to ensure that all contract requirements are met; i.e. the purpose of the contract administration stage is to ensure that the contractor/supplier and the products or services delivered comply with the contract requirements.

4.10.2 The table below shows the responsibilities of the parties to a procurement contract.

Figure 4.5: Contractual Obligations

Contractor/Supplier/Service Provider	Local Government
<ul style="list-style-type: none"> • Deliver the goods, service or works in the way, at the time, and in the location that has been specified by the parties. • Deliver the documents that are related to the goods or service. • Transfer of title of ownership for a product. • Ensure the conformity of the goods to the specifications. • Act in good faith and deal fairly. • Accept liability of the manufacturer of the goods in the case of injury to the persons or objects. 	<ul style="list-style-type: none"> • Accept the goods or services on condition that they meet the contract terms. • Pay the agreed price. • Act in good faith and deal fairly. • Accept liability in the case of injury to persons or objects.

Delivery of general goods;

4.10.3 When a supplier delivers goods to the LG stores or to any other location as may be directed, the goods shall be accompanied by a delivery note prepared in duplicate by the supplier specifying the quantities, quality, units and other details about the goods being supplied.

4.10.4 On receipt of the goods the storekeeper shall count them and check their conformity with the LPO, and then raise a Goods Received Note [GRN] for acknowledgement [See **Appendix 4.11**].

4.10.5 The GRN shall be written out in; the original copy shall be sent to the Accounts section, together the original of the Delivery Note to enable them to process the payment, the duplicate copy shall be sent to the user department (as notification that goods have been received, the triplicate copy shall be retained in the book.

Supervision of Works Contract

4.10.6 The diagram below gives an overview of the steps involved in the management process for works contracts.

Figure 4.6: Steps in the Contract Management Stage

What steps		What/Who is involved?
5. Contract Completion		A final completion notice prepared by Procurement officer on advice of contract Administrator, signed by Chief Administrator and any final payment made by the Finance Director.
4. Defects Liability Period		Interim completion notice prepared by Procurement officer on advice of the contract administrator/user department. Finance Director retains some payment until the end of the defects period.
3. Payments		Contract Administrator certifies work completed to date. Procurement Unit processes payment claims to Finance Department.
2. Progress Reports		Contract Administrator prepares reports to monitor implementation progress and when the contractor submits a payment claim.
1. Contract Supervision		The Contract Administrator conducts day-to-day supervision and liaison with the contractor.

4.10.7 Each key procurement contract shall be assigned to a specific officer to be its contract administrator (normally the head of the user department or an engineer in the case of works).

4.10.8 The contract administrator shall perform the following functions:

- a. Interpret the specifications correctly to the supplier/contractor.

- b. Supervise the works/contract to ensure good quality product or service is maintained and adherence to the specifications.
 - c. Certify contractors statements of work completed so that payments can be made, based on completion of a certain percentage of the works. The contractor must submit a payment claim and a progress report will be completed by the Technical Supervisor before a payment can be made
 - d. Manage product warranties, if any.
 - e. After getting proper approvals, direct or control the change management procedures if any including: administrative changes, cost changes, contract modification, and completion of the project.
 - f. Prepare progress reports of the contract; these reports are an important mechanism for monitoring progress and are a requirement whenever the contractor submits a payment claim.
 - g. Ensure that all procurement requirements are complete per contract.
- 4.10.9 The contract administrator may have to make a decision to advise the LG to terminate the contract where;
- a. Default of contract - if the contractor fails to perform any provision of the contract including: the failure to deliver by scheduled date, failure to make progress (endangers performance of the contract).
 - b. Termination for convenience (e.g., project cancelled).

4.11 Contract close out

- 4.11.1 This is the last stage in the procurement process- the contract is closeout. LG officials shall verify that the item or service has been received and is of acceptable standard. The director for finance shall verify that there are no any outstanding invoices and if any, makes the final payment. The steps for doing this are shown in Figure 4.6 above.
- 4.11.2 The issuing of a completion notice to the contractor/supplier shall close a contract; when issued, the letter constitutes the LG's approval and final acceptance of the project/item.

4.12 Administrative Review

- 4.12.1 A Bidder may seek administrative review for a Local Government's omission or breach of either the legal framework, or of the Bidding Documents.
- 4.12.2 A complaint by a Bidder against a Local Government shall first be submitted in writing to the Chief Administrator within ten working days from the date the Bidder first became aware of the circumstances giving rise to the complaint.
- 4.12.3 On receiving a complaint, the Chief Administrator shall make a decision in writing within ten working days indicating the corrective measures to be taken, if any, including the suspension of the proceedings where the Chief Administrator deems it necessary and giving reasons for the decision.
- 4.12.4 Where the Chief Administrator does not make a decision within ten working days, or the Bidder is not satisfied with the decision of the Chief Administrator, the Bidder may make a complaint to the MoFEP Directorate of Procurement within ten working days from the date of communication of the decision by the Accounting Officer, or within ten working days of the lapse of the deadline for the Chief Administrator Accounting Officer to make a decision.
- 4.12.5 When the MoFEP Directorate of Procurement receives a complaint, it will promptly give notice to the Local Government to suspend any further action until the Directorate has settled the matter.
- 4.12.6 The Directorate will take a decision to either (a) dismiss the complaint, (b) prohibit the Local Government from taking any further action, or (c) annul in whole or in part an unlawful action or decision made by the Local Government.

- 4.12.7 Before taking any decision on a complaint, the Directorate will notify all interested Bidders of the complaint and may take into account representations from the Bidders and from the Local Government.
- 4.12.8 The Directorate will issue its decision within fifteen working days after receiving the complaint, stating the reasons for its decision and remedies granted, if any.
- 4.12.9 Any further appeal by the Bidder will be to the High Court.

4.13 Ethics in public procurement

- 4.13.1 During the process of procurement the following ethical procedures shall be observed:
 - a. An official must not arrange or participate in any meeting or other form of communication with bidders or potential bidders for Council contracts that has not been arranged by Council officials.
 - b. An official who is or will be involved in the process that leads to the award of any Council contract must not discuss the matter if they are approached by or on behalf of anyone interested in obtaining that contract.
 - c. An official, who is a representative of an organisation that tenders or quotes for Council work, may not take part in the process that leads to the award of any contract in that area of service or be involved in the subsequent administration of that contract.
 - d. If an official is a representative of an organisation that tenders or quotes for Council work, the organisation can only be awarded Council work through a process of open competition.
 - e. An official must not seek to influence the procurement decisions of officials or do anything that compromise or is likely to compromise the impartiality of officials.
 - f. An official must not pressurize any officer to change his/her professional opinion on procurement issues or give direct instructions to officials.
 - g. An official must not take a proactive part to represent or in any other way advocate on behalf of any bidder or contractor.
 - h. Confidential information relating to any tender, bidder or prospective bidder must remain confidential, and an official must ensure that no confidential information is disclosed to unauthorized persons or organisations.

5. MANAGEMENT OF CASH AND COMMITMENTS

5.1 Cash Flow Management

- 5.1.1 Cash flow refers to cash inflow and cash outflow. Cash inflow is money coming into the coffers of the LG from any source whereas cash outflow is money going out.
- 5.1.2 In practice the cash inflows into the LG will happen unevenly over the FY with some seasons of plenty and others of scarcity. The role of LG officials therefore shall be to try and ensure a smooth delivery of public services and avoid unnecessary stoppages and “stop-starts” in service delivery occasioned by serious shortages of cash.
- 5.1.3 LG managers have two key strategic actions to take in order to handle the problem of uneven cash inflows:
- a. They may decide to structure the outflows in such a way that the major payments and the mandatory/non-discretionary costs are made during the season of plenty and then spend very little during the season of scarcity of cash;
 - b. They may try to even-out the cash flow by sparing specified proportions of inflows from the season of plenty for use in the season of scarcity.

5.2 Safeguarding cash storage

- 5.2.1 The current development of the banking system in South Sudan means that many Local Governments have to carry out many of their operations using cash. However, each local government must have a bank account in the nearest available bank branch (whether a commercial bank or the Bank of South Sudan) to receive grants from State and National governments. The only signatories shall be the Chief Administrator and the Head of Finance/Controller of Accounts.
- 5.2.2 Local Governments with close access to a bank (such as those local governments having their headquarters in a State capital) are expected to primarily use the banking system for their financial operations. As the bank network develops to Counties, Local Governments are expected to shift their financial transactions to the banking system. This means payments should be made by bank transfer to by cheque rather than in cash, only small amounts not exceeding authorised limits for petty cash shall be kept in the Local Government Administration buildings, and payments by tax payers should be made direct to the Bank.
- 5.2.3 The requirements for safeguarding cash storage below apply to all Local Governments, but must especially be followed for those Local Governments where the lack of a local bank branch means that the cash has to be stored in the Local Government Administration building.
- 5.2.4 The Chief Administrator has a responsibility to ensure maximum security and safety of cash offices to safeguard both the personnel working therein and the public funds and documents kept in those offices.
- 5.2.5 Local governments may hold cash on hand in the following circumstances:
- i. cash collections not yet banked
 - ii. impress/Petty cash –cash amounts for office running below the threshold payable by cheque
 - iii. Where banks are not available and all payments are made by cash
 - iv. funds for execution of an on-going activity e.g. payments for training workshop participants
- 5.2.6 The following safeguard measures must be instituted in all LGs in order to secure public funds from loss/theft or misuse:
- **Strong room:** the Local Government Administration building must have a strong room, which includes a secure barred metal gate secured by padlock.

- **Cash safe or padlocked cash chest:** it is mandatory that all Local Governments provide safes or padlocked cash chest stored in the strong room, for purposes of safe custody of cash on hand. The holders of the keys or codes for the safe of padlocked cash chest must be different personnel from the holders of the keys to the strong room.
- **Cash count** – On a daily basis, the Cashier must complete a cash count to confirm that the balance of cash on hand (in safe) tallies with the balance recorded in the treasury chest book (see next section 5.3 below). The Head of Finance/Controller of Accounts shall ensure that this is strictly adhered to. In addition, in order to minimise misuse and abuse of cash on hand, cash counts should be done on a regular and surprise basis. The cash counts should then be reconciled with cash books and any discrepancies explained and appropriate action taken. In handling cases of misappropriation of funds, recourse to the applicable legislation shall be sought by the Administrator of a given LG.

5.3 The Treasury Chest Book

5.3.1 The *treasury chest book* is a key tool used in the management of cash and shall be used to record all cash received and paid out by the LG in order to determine the amount of cash available at any point in time [refer to Appendix 3.10].

5.3.2 A treasury chest book shall be kept to record *cash transactions*. It has two sides; the left hand side (also called debit side) shall be used to record money received by the LG while the right hand side (also called credit side) shall be used to record money paid out.

5.3.3 By comparing the treasury chest book balance to the physical cash at hand, problems in the management of cash balances shall be identified.

5.3.4 To record the treasury chest book the LG bookkeeper shall apply the following steps:

Step 1: At the beginning of the year, enter the opening balance into the balance column as demonstrated in the example below (the balance column is at the extreme end of the right hand side of the treasury chest book).

Figure 5.1: RECEIPTS (Debit) Treasury Chest Book

Date	Serial No.	Name of Payer and particulars	Receivable Order No.	Amount		Total of the day	
				SSP	PT.	SSP	PT.
1/7/20XX	2	Sigin J. – Ground rent	11367	5,000			
“	3	Aboy Achuil Deng – Gibana	11368	11,000			
“	4	Paul Majak Thiek- Trdg lice.	11369	2000		17,000	
2/7/20XX	5	Fatima Severino (Trdg licences)	11370	6,000			
“	6	Micheal Aguer Bol –Plot allot.	11371	45,000			
“	7	Garang Bol Achor- Animal	11372	1,500			
“	8	Paul Deng G – Town rates	11373	3,000		55,500	

PAYMENT (Credit) Treasury Chest Book

Date	Serial No.	Name of the Payee and Particular	Payment Order No.	Amount		Total of the Day		Balance		
				SSP	PT	SSP	PT	Specification	Amount	
									SSP	PT
1/7/20XX	1							Balance b/d	4,550	
“	2	Manyum J. –Fuel	3456	550						
“	3	Aguot T. –Travel	3457	2,000		2,550			19,000	
2/7/20XX	4	Malok A. – Paper	3458	700						
“	5	Majok K. – Cleaning	3459	2,500						
“	6	Kuol Lual – Fuel	2460	1,300		4,500			70,000	

Step 2: Obtain the file containing the copies issued Form 39s – the Receivable Order; and post the amounts received to the debit/receipts side of the treasury chest book as indicated in the

example here: enter date, serial number the name of the payer and particulars, the receivable order number and the amount received.

Step 3: Add up the receipts for the day and enter the amount into the total of the day column

Step 4: Obtain the file containing the paid Form 40 – Cash Payment order; and post them to the payments/credit side of the treasury chest book as indicated in the example.

Step 5: Add up the total payments for the day and enter the amount into the total for the day.

Step 6: Compute the balance at the end of the day by taking the balance at the start of the day, add on the total receipts for the day and subtract the total payments for the day; enter the figure obtained into the amount column under balance as demonstrated in the example above.

5.3.5 At the end of each week the head of finance/accounts shall cause the treasury chest book balance report to be prepared and submitted to the Chief Administrator.

5.4 Banking and bank reconciliation

5.4.1 Some LGs may obtain receipts by cheque rather than cash and it is important that these LGs maintain a bank account where such cheques or excess cash can be deposited.

5.4.2 All LG bank accounts will utilize sequentially numbered cheques for payments and withdraws from such bank accounts.

5.4.3 When new chequebooks are received, they shall be counted by the Controller/inspector of Accounts to certify that all cheque leaves are present, have the correct account number and account title and then entered into the New Cheque Books Register [refer to **Appendix 5.1**].

5.4.4 All unused blank cheques will be kept in a safe with locked access limited to the Controller of Account, who is not a signatory to the cheques.

5.4.5 An Accountant/Head Accountant who is not a signatory to the cheques shall write all cheques in respect of payments by the LG.

5.4.6 Cheques written in error or with a mistake shall be crossed with two lines and stamped “Cancelled” and punched. These cheques will be removed from the chequebook and filed in the *cancelled cheques file*.

5.4.7 A LG with a bank account shall maintain a *separate bank* cash book (for each of the bank account opened) to keep track of the banking transactions; the source of entries to the bank account cash Book for the Bank Account shall be Finance Form 17: Cheque Payments Order (for payments made) as well as the banking slips used to make deposits to the bank account (the pay in slip or Finance Form 50).

5.4.8 The entries made by the bank in the account of the LG are always the reverse of the entries made by the bookkeeper in the bank account cashbook. For example when a LG pays out a cheque, the bookkeeper shall record it as a credit [payments side] in the bank account cashbook but the bank, in its records, will debit the LG’s account by the same amount. This should imply that the balance of money in the bank according to the LG’s bank account cashbook should be the same as the balance according to the bank’s records. In practice this is not always the case due to the following reasons:

- The bank might not have entered some entries made by the LG’s bookkeeper in the bank account cashbook on the account of the LG; examples are cheques deposited on the last day of the month (un-credited cheques), and cheques paid out by the LG but not yet presented by the payees to the bank for payment (un-presented cheques).
- Some entries made by the bank into the account of the LG might not have been entered by the LG bookkeeper into the bank account cashbook; examples are bank charges.
- Some entries might not have been entered correctly in the bank account cash book by the LG bookkeeper, or in the bank’s records, causing errors in either set of records.

- 5.4.9 In order to check the entries made by the bank into the LG's bank account (as appearing on the bank statement obtained by the LG officers from the bank) against those made by the LG's bookkeeper into the bank account cashbook, the bookkeeper shall prepare a bank reconciliation statement at the end of each month to reconcile the balance being indicated by the bank on the bank statement with the balance being indicated in the LG's treasury chest book for the bank account.
- 5.4.10 The reconciliation statement shall be prepared within ten (10) working days after the end of each month.
- 5.4.11 The bank reconciliation statement will be prepared in this manner:
- Step 1:** Tick off all the items in the bank statement against entries in the LG's bank account cashbook for the bank account (the credit entries in the bank account cash book shall be ticked against the debit entries on the bank statement and vice versa).
- Step 2:** Review the items not ticked on the bank statement and identify deductions such as bank charges, interest charges, and any other deductions legally posted by the bank to the account of the LG. Also identify additions such as direct deposits made/wired and any other additions legally posted by the bank to the LG's bank account; these are the reconciling items which have caused the balance in the two sets of records to differ.
- Step 3:** Prepare the bank reconciliation statement. Start with the balance per the bank account cashbook (bank account) and adjust it by adding and subtracting the un-ticked items on the bank statement. The format of the *Bank Reconciliation* statement is as follows:

Figure 5.2: format of the bank reconciliation Statement

Balance per bank account cashbook		X
Add:		
Cheques paid but not yet presented to the bank for payment	X	
Interest credited by the bank to LG's bank account	X	
Direct deposits posted or wired to the LG's bank account	X	
Amounts added to LG's bank account in error by the bank	X	
Amounts deducted in the bank account cash book by the LG bookkeeper in error	X	<u>X</u>
		X
Less:		
Cheques deposited but not yet cleared – Un-credited cheques	X	
Bank charges and interest charged (all)	X	
Amounts deducted from the LG's bank account in error by the bank	X	
Amounts added in the bank account cash book by the LG bookkeeper in error	X	(X)
Balance per bank statement		X

- 5.4.12 Outstanding (un-presented) cheques shall not be carried on the reconciliation statement for more than three (3) months without investigating the reasons as to why they remain outstanding.
- 5.4.13 Cheques received by the LG and banked to its bank account but *dishonoured* by the bank shall be investigated and cleared within one (1) month. All copies of such dishonoured and nullified cheques shall be filed in the dishonoured cheques file.
- 5.4.14 Stale cheques (cheques paid out by the LG but outstanding for more than 6 months from date of issue because the payees have not bothered to present them to the bank for encashment) shall be written off by adjusting (debit) the treasury chest book for the bank account to reverse the original entry made when the cheque was paid.
- 5.4.15 Interest charged and service charges by the bank shall be recorded by a journal entry (journal voucher) each month.
- 5.4.16 If a cheque paid out by the LG is dishonoured, a fresh cheque shall be issued where necessary after investigations and after the dishonoured cheque has been returned to the LG.
- 5.4.17 After preparing the reconciliation statement, the bank statement balance has to agree with the balance in the treasury chest book for the bank account. Any difference must be

reconciled before the reconciliation is considered in balance; i.e. there should be no "un-reconciled differences" and if they do arise the Controller of Accounts shall follow up and reconcile these differences.

- 5.4.18 Upon completion, the bank reconciliation statement, the bank statement, along with a summary statement showing the cheque number and amount of all cheques banked to or paid from the LG's bank account shall be submitted to the Chief Administrator through the Director of Finance/Accounts for review and approval. A list of outstanding/un-presented cheques, in numerical sequence, shall also be included in this submission.
- 5.4.19 After review and approval, the reconciliation statement and the report shall be retained in the appropriate files for future reference.

5.5 Control of Commitments

- 5.4.2 The GRSS through the MoFEP is committed to the development of *Commitment and Payment Procedures* within the entire government sector. Commitments arise whenever a LG enters into a legally binding undertaking to obtain goods, services or works at a specified cost and terms; for example when a LG issues out a purchase order, a commitment arises.
- 5.4.3 The most important aspect of commitment control is that only contracts should only be entered into if there are sufficient funds budgeted to cover the cost of the contract.
- 5.4.4 This can be assured if the process for entering into contracts follows the procedures set out in section 4 of this manual. According to this process, a contract is only entered into once it is included in the budget and the annual procurement plan following from the budget.
- 5.4.5 Once the contract has been signed, it should be recorded in the commitments/invoice register. The commitments register shall indicate number and date of commitment, name of supplier/contractor, amount committed, and payments made and, the outstanding commitment unpaid(see **Appendix 5.2**).

The budget control book

- 5.4.6 The purpose of this book is to help the LG officials to ensure that commitments are kept within the approved budget and against commitment limits set for each quarter or month (depending on cash available or confirmed that it will be available soon); budget control books shall be the primary means of commitment control and budgetary control. The head of Finance shall ensure that the Controller of Accounts keeps an up-to-date budget control book, which she/he shall post in the following manner:

Step 1: At the opening of the FY, a new page shall be used in the budget control book to record each line item in the approved budget. The code of the item and the approved budget amount for the item shall be entered on the top of the page. The balance available column of the budget control book shall be posted with the approved budget amount.

Step 2: Enter all line items from the budget into the budget control book using a new page for each item and apply the same procedures in step 1 above until all the budget items are entered in the budget control book. A number of pages may be skipped before another line item is entered to allow space for many transactions affecting an item to be entered later on in the FY as spending is made.

Step 3: When a Purchase Order or Service Order (SO) is issued to a supplier or service provider or when a Contracts/Agreement is signed with a contractor, make entries into commitments columns of the budget control book by posting the date, details of supplier, number of Purchase Order/SO/Contract/Agreement, amount, cumulative unpaid commitments, total cumulative paid and unpaid commitments and cumulative direct payments, and the balance available.

Step 4: When the supplier/service provider/contractor's invoice is paid, enter the budget control book by posting the date, details of supplier, invoice number, payment adjustment (invoice value less actual amount paid), and payment of commitments, cumulative payment of

commitments, cumulative unpaid commitments, total cumulative paid and unpaid commitments and cumulative direct payments, and the balance available.

Step 5: The columns for direct expenses shall be used to record those expenses paid out by the LG directly; i.e. without passing through the process of issuing Purchase Orders/SO/Contracts

Step 6: Any revisions in the approved budget amounts for line items shall be immediately brought into the budget control book by utilising the space for revisions and reallocations and adjusting the balance available column immediately [**refer to appendix 5.3**].

6. PAYMENTS


6.1 Types of LG Expenditure

6.1.1 Every Local Government expenditure must be categorised according to the Chart of Accounts for the fund, organisation and economic classification. A chart of accounts ensures comparability of financial information, especially ensuring that budgets and final accounts are prepared in the same formats. The chart of accounts is further explained in section 1.5, and is shown in Appendix 9.1.

6.2 The payment process

6.2.1 The payments process shall consist of a series of stages representing checks and balances to ensure the regularity of any payment being made and the correctness of the amount being paid. Figure 6.1 is an overview of the payment process in a LG.

Figure 6.1 Overview of the payment process

What steps		What/Who is involved?
6. Sign off and pay		A payment order and, if applicable the pay cheque is signed by the Head of Finance and then the Chief Administrator. The cashier makes payment.
5. Processing the Payment		Checking by the controller of accounts, preparation of payment order by the accountant, examination of payment order and entry into the budget control book by controller of accounts.
4. Authorization		Authority to pay is given by the Chief Administrator after confirming the regularity of expenditure.
3. Budget control		Controller of Accounts confirms availability of funds and regularity of expenditure.
2. Certification		Sector head vets the payment request form and certifies it.
1. Payment requisition		The officer responsible who completes a payment request form raises request for payment.

6.3 Requisition, approval and authorisation of spending

6.3.1 The proper procedure for making payments shall always start with the proper authorization of all payments. The following procedures shall be applied to authorize a payment:

Step 1: The officer responsible for implementing an activity will raise a payment request form¹² and address it to the Chief Administrator routed through the responsible Head of Department for first approval.

All relevant supporting documents such invoice/bills, receipts, minutes, grant memorandum of understanding, approved activity work plans and budget lines shall be attached to the payment request form to enable the certifying and authorizing officers make an appropriate decision.

The Payment Request Form must indicate the funding source and associated fund source code against which payment is being requested, for example the Local Government Funds or Donor Funds (if these are being channelled through the Local Government Budget).

The officer will complete Section A of the Payment Request Form.

¹² Where there is no sector head to which the requisitioning officer reports to, the request shall be submitted directly to the Chief Administrator.

Figure 6.2: The Payment Request Form

Payment Request Form – Non - Salaries

Date of Claim ____ / ____ / ____

Department Code and Name: _____

<p>A Description (Reason for Expenditure) _____</p> <p>Amount: SSP _____ (in words) _____</p> <p>Funding source code & name: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> _____</p>
<p>B Approval within Department</p> <p>Applicant: Position _____ Name: _____ Signature: _____</p> <p>Head of Department: _____ Name: _____ Signature: _____</p>
<p>C Budgetary / commitment control</p> <p>Budget Control Book Folio (Page) Number: ____ 3-digit CoA Code: <input type="text"/> <input type="text"/> <input type="text"/> Budget balance: SSP _____</p> <p>Controller of Accounts approval: Name _____ Signature: _____ Date ____ / ____ / ____</p>
<p>D Certification and Approval Mr/Mrs/ Miss _____ has been authorized to incur expenditure as indicated above. Please pay out SSP _____ (Amount in words) _____</p> <p>Head of Accounts: Name _____ Signature _____ Date ____ / ____ / ____</p> <p>Chief Administrator: Name _____ Signature _____ Date ____ / ____ / ____</p>
<p>E Payment</p> <p>Pay Beneficiary Department/Vendor: _____ Amount _____</p> <p>Purchase Order #: _____ Confirm entry of payment into Budget Control Book: <input type="checkbox"/> (tick once entered)</p> <p>Head of Finance: Name _____ Signature _____ Date ____ / ____ / ____</p> <ul style="list-style-type: none"> • Payment to Vendor: Payment from account # _____ Transfer Letter # / Cheque # : _____ • Payment to Applicant: I certify that I have received the sum of [SSP] _____ (Amount in words) _____ to be accounted* for on or before _____ failure of which the sum shall be deducted from my salary. <p>Applicant: Position _____ Name: _____ Signature: _____</p> <p style="text-align: right; font-size: small;">* Insert N/A if no accountability is required</p>

Step 2: The department head shall scrutinize the payment request form to ensure the regularity of the expenditure involved and that it is absolutely necessary at this time of budget execution. He/she will inquire into the validity of supporting documents that have been attached. The Head of Department may, if necessary, orally interview the originator of the request for payment or even demand for more supporting documents. If approval is given, the Head of Department will sign Part B of the payment request form.

Step 3: The accountant who keeps the budget control book will (a) review the request and confirm that the expenditure has been coded correctly on the Chart of Accounts and (b) confirm that allocated funds are still available on the budget item. To do this, the accountant shall find the matching page in the Budget Control Book and record the available balance for the expenditure type in Section C of the Payment Request Form. If the available budget is less

than the amount being requested then the request must be rejected by the Controller of Accounts. If the Controller of Accounts is satisfied that the available budget is sufficient, and the request is in proper order, he / she shall sign the Payment Request Form and forward it to the Chief Administrator.

Step 4: Payment shall not be made out of the funds of the LG unless the Chief Administrator authorises; the authorisation by the Chief administrator shall be certification that:

- a. There are sufficient funds on the budget line item to cover the payment request
- b. The necessary requirements, administrative or otherwise, to request and process the expense/outlay have been fulfilled; this could mean for example ensuring that the work has been performed, the goods have been supplied or the service rendered and that the price is being charged in according with the provisions of the contract or terms of public service or, if not specified by any contract or term of service, that such a price is reasonable. Once the Chief Administrator has conducted the necessary scrutiny of the requisition and is satisfied about the need, the adequacy of supporting documents and the availability of funds on the budget line he/she shall authorize the processing of the payment and remit the request to the Head of Finance/Accounts for processing of payment.

The Chief Administrator will complete and sign Part D of the Payment Request Form.

Step 5: The Head of Finance/Controller of Accounts shall review the request form to confirm that, given all the other payment needs of the LG at this time of the year, the LG is in position to pay the amount being requested and then sign the form. Detailed guidance on the checks to be made are provided in 6.4.1 below. He/she will sign Part D of the Payment Request Form. The payment request shall then be forwarded to the Accountant to process the payment order.

6.4 Processing payments and paying out

6.4.1 Suppliers/contractor's invoices and other requests for payment shall be paid on a first come first paid basis unless the Chief Administrator waives this requirement for some specific urgent payments. For this reason, any new invoice submitted to the Head of Finance shall be put in a 'queue' and wait for its turn to be paid; "jumping the "queue" without the express permission of the Chief Administrator shall be forbidden. The following procedures shall be followed to process payment for an authorized payment requisition:

Step 1: The Head Accountant shall check the requisition together with supporting documents to confirm actions taken at earlier stages of initiation, certification and authorization; in particular he/she will confirm that signatures of the certifying and authorizing officers are valid, that correct prices or rates of pay have been applied and that the request is accurate in all details; after this confirmation he/she may proceed to write out the payment order.

For salary payments, the Head Accountant shall ensure that the following documents are assembled and attached to the payment order:

- Pay sheet generated from the South Sudan Electronic Payroll System (SSEPS)
- Bank and/or cash payment schedule for salaries

For payments in respect of procurement of goods, the Head Accountant shall ensure that following documents are assembled, matched with each other and attached to the payment order:

- Duplicate copy of requisition for goods from the user department;
- Duplicate copy of the Purchase Order;
- Delivery Note from supplier;
- Goods Received Note (GRN) from stores;

- Supplier's Invoice;

For services and works contracts, the Head Accountant shall ensure that the following documents are assembled, matched with each other and attached to the payment order:

- Copy of contract/Agreement for the service (e.g. construction contract, rent agreement);
- Invoices/bills from service provider/contractor;
- Inspection Report by the contract manager/user Department, certificate of performance/work completed approved by a technical expert recognized by the LG.

Step 2: After checking and confirming the regularity of the payment request and its supporting documents, the Accountant shall prepare/write out Finance Form 40 - the cash payment order or Finance Form 17 – the cheque payment order as the case may require [**refer to Appendices 6.1 and 6.2**]. The Accountant will also complete Part E Payment details on the Payment Request Form.

Payment orders for activities to be conducted by the LG officers or for petty purchases of goods shall be prepared in the original names of the requesting officer while all payments to suppliers and providers shall be prepared in the suppliers/providers' names.

Where the purchase order [PO] covers more than one payee, such as group of employees, it shall be prepared in the names of the Chief Administrator and then a certified list of payees shall be attached indicating the amounts due to each.

POs shall be prepared in three copies; the original copy shall be for filing in a file of paid payment orders sequentially filed on a monthly basis per file, the duplicate copy shall be for the payee and the triplicate shall remain in the book.

After the Head Accountant has written the payment order he/she will initial and date it and then submit it to the Controller of Accounts for examination.

Step 3: The Controller of Accounts shall re-perform the additions and any other calculations made on the documents, crosscheck the item with the Budget Control book and confirm the availability of funds (within the relevant funding source) on that particular code. The Controller of Accounts shall review the request and identify the Chart of Accounts Code that fits with the type of expenditure. The Controller of Accounts shall find the matching page in the Budget Control Book and record the available balance for the expenditure type in the relevant space in the Payment Request Form. If the available budget is less than the amount being requested then the request must be rejected by the Controller of Accounts. If the Controller of Accounts is satisfied that the available budget is sufficient, and the Request is in proper order, he / she shall sign the Payment Request Form and forward it to the Head of Accounts. The Controller of Accounts shall enter the Payment Order Serial Number onto the Payment Request Form and confirm the Payment Request Form. The Controller of Accounts then enter the amount committed into the commitment column of the budget control book and the commitments register¹³ after which he/she will remit the payment documents to the Head of Finance.

Step 4: The Controller of Accounts shall ensure that before any PO is passed over for payment, it and any supporting documents, invoices or payrolls are correct in all relevant particulars, and confirm that each PO has been certified by the Head Accountant and the Controller of Accounts, and has been entered into the Budget Control book. If, on examination, the PO is

¹³ In the case of procurements for which a purchase order, service order or contract was previously issued, the commitment columns of the commitment register and budget control book would already have been entered with the details at the time of issuing out the order/contracts so there will be no need to enter these details again at this moment.

in order, the Head of Finance shall certify (sign) it for payment and enter the date. Such certification shall be that the payment is in order and not irregular.

Step 5: The Head of Finance shall forward Cheque payment orders to the cashier to prepare the pay cheques while cash payment orders shall be forwarded directly to the Chief Administrator.

Step 6: The cashier shall prepare the cheque in the names of the payee appearing on the cheque payment order after which he/she will record it in *Finance Form 47 – List of Cheques Drawn*[refer to Appendix 6.3].

The Cashier shall take care to ensure that the cheques are drawn from the right bank account and that all supporting documentation is endorsed with the respective cheque number.

Step 7: The cashier shall forward the cheque together with the PO and the attached supporting documents inserted inside *Finance Form 47 – List of Cheques Drawn* to the Head of Finance who will then proofread the cheque and documentation to ensure that the cheque has all the proper documentation attached and which are endorsed with the cheque number on which the payment relates, and the amount agrees with the documentation. If everything is in order, the Head of finance shall sign the cheque and initial *Finance Form 47 – List of Cheques Drawn* and then forward the documents to the Chief Administrator.

Step 8: When the cash and cheque payment orders together with all supporting documents reach the Chief Administrator, he/she shall date and signs the PO, the cheque and initial the *Finance Form 47 – List of Cheques Drawn*. After this all POs and cheques shall be returned to the cashier for payment or for cheque dispatch.

Step 9: On receiving the signed POs and cheques back from the Chief Administrator, the cashier shall stamp "PAID" to all POs together with all supporting documents. He/she will then record all the signed cheques in the *cheque dispatch register*[refer to Appendix 6.4]. In the case of cash payment orders, the cashier shall invite the payees to collect the cash and sign the POs while in the case of cheque payments the cashier shall invite the payees to collect their cheques. All cheque recipients shall sign both the PO and the cheque dispatch register. Unless payment is made directly to the vendor, the applicant shall sign the Payment Request Order to confirm receipt of payment and to confirm that accountability will be provided within a stipulated period. After paying out, the original copies of the POs together with the supporting documents shall be filed on a monthly basis in sequential order of the dates of payment; this file shall be kept in the office of the Director of Finance and shall not be removed except for reasons of posting to the books of account and auditing with the authorization of the Head of Finance.

Step 10: The Controller of Accounts will then enter the amounts paid out from the payment orders into the payments columns of the budget control book.

6.5 Recording Payments in the Accountant's Register of Payments

6.5.1 Individual payment orders should be posted to the treasury chest book as already demonstrated in chapter 5; i.e. to the credit side of the treasury chest book. Corresponding entries shall also be made into *Finance Form 76 – The Accountants Register of Payments* by the bookkeeper at the same time to help classify the items for which payments have been made.

6.5.2 The bookkeeper should apply the following procedures to post this the accountant's register of payments:

Step 1: On the first working day of each month enter the expenditure line items as they appear in the budget document; each expenditure budgeted for will be entered into a separate column; e.g. domestic travel, workshop, printing and publishing, fuel etc. shall be entered as column headings under the budget expenditure (in practice the bookkeeper enters only those expenses for which expenditure has actually been incurred in the month to avoid wasting space).

- Step 2:** From the Head of Finance/Accounts, obtain the file (s) containing the paid payment orders for the month and enter them into the Accountants Register of Payments - enter date the PO was paid, the PO No., the name of the payee and the amount paid in the appropriate columns.
- Step 3:** Where the LG has paid out money on behalf other government units within the same state (such as transfers by the County to a Payam, this shall be recorded under payments to other units of the state but where a the LG makes payments on behalf of other government units outside its state (such as on behalf of a county in another state) such payments shall be recorded under payments to other states and departments.
- Step 4:** Enter any amounts/deposits paid out to other individuals to be kept in trust for the LG in the relevant columns of the suspense item either as an Amanat or Ohad. Also enter the details and amounts for payments made on items, which do not have a line in the budget under the miscellaneous column.
- Step 5:** Any deductions that have been made from the payees shall be posted in the deductions column and the particulars of the deduction shall be entered after which the net amount paid to the payee can be obtained and entered in the net amount column.
- Step 6:** The total of the month to date should be adjusted every time a new payment in entered in the accountant's register of payments to reflect the total amount paid to date.
- Step 7:** At the end of the month total up the payments made for each expense item [**refer to Appendix 6.5**].

7. THE PAYROLL

7.1 Compiling the payroll

- 7.1.1 The Ministry of Labour, Public Service and Human Resource Management has introduced an electronic payroll system, called SSEPS (South Sudan Electronic Payroll System). This system automatically generates pay sheets and payroll reports each month. The first phase of this system focused on national and state levels of government. The second phase, SSEPS II, to be implemented during 2013, will provide full functionality to all Local Governments. All Local Governments are mandated to use SSEPS II to generate pay sheets for both classified and unclassified staff, when it becomes available. Procedures for using the SSEPS II will be circulated by the MoLPS&HRD. If SSEPS II is not available then the alternative (legacy) procedures using the old Establishment Form 7 and/or Finance Form 13 Salary Control Pay Sheet (appendix 7.1) and a manual payroll summary form (e.g. Appendix 7.2) may be used.
- 7.1.2 All county staff must be included on a LG payroll; this includes classified and unclassified staff, and all staff seconded or transferred from State or other levels of government. Each LG department will be responsible for maintaining an up to date record of all employees. Any changes to employee records can be made using the South Sudan Electronic Payroll System (SSEPS) or by completing a manual Change Notification Form, the details from which will then be entered into SSEPS II by the Local Government Establishment Officer.
- 7.1.3 Every month each department will record any unauthorised days of absence for each employee. This will be done in accordance with Ministry of Labour Public Service and Human Resource Development guidelines.
- 7.1.4 Whether the above information is submitted through SSEPS or by manual form, the changes will need to be approved by the LG Establishment Officer prior to payment. This process is covered in more detail under guidance issued by the Ministry of Labour, Public Service and Human Resources Development.
- 7.1.5 Once the monthly pay sheet has been approved by the LG Establishment Officer, the following documents will be printed from SSEPS by the Establishment Officer and submitted to the LG Finance Unit to execute payment:
- detailed pay sheet for each LG department
 - summary pay sheet for each LG department (appendix 7.3)
 - cash payment schedule for each physically separate unit of the LG Department (appendix 7.4)
 - bank payment schedule for each LG Department where staff are paid into bank accounts (appendix 7.5)

7.2 Payment of salaries

- 7.2.1 Payment of salaries requires carrying out a number of linked transactions. This is because each salary payment involves deduction of Personal Income Tax, Pension Contribution and potentially other 'Non-Standard Deductions'.
- 7.2.2 Salary payment should be processed on a per-department basis, and also on a funding source basis. Therefore if some staff within a department are funded by donor funds but are paid through the payroll, a separate payment request form will need to be prepared for these staff.
- 7.2.3 For each department a Salary Payment Request Form (sometimes known as a requisition order) must be completed. The SSEPS II system will automatically generate this form for you. If SSEPS II is not available for any reason, the form can be completed manually. Supporting documents, such as SSEPS II generated pay sheets (or Finance Form 13 and/or Establishment Form 7) must be attached to the Payment Request Form. An example Payment Request Form layout is shown in appendix 7.6:

- Enter the name of the Department for which the salary payment is being made (e.g. Education Department)
- Note the funding source if the staff are being paid with donor funds
- Note the month for which the salary is being paid
- Enter the total of basic pay for all department staff and the total of allowances for all staff.
- Enter the total of each type of deduction for each staff. This will include Personal Income Tax and Pension deductions, and any other deductions as applicable to the particular Local Government
- Subtract total deductions from total salary and allowances. Enter this as the 'Total Net Pay to be paid to Department'
- Complete the necessary approvals

7.2.4 Where the receiving Department has a bank account, funds should be transferred to the Department's bank account by sending a written transfer instruction to the bank. The Transfer Instruction Letter will be given a unique reference number. This number shall be recorded in the appropriate place on the Payment Request Form. The procedure for approving issuing of this transfer instruction will be the same as for approving a bank payment order as described in Section 6.

7.2.5 Where the Department does not have a bank account the transfer will be made by cash. A bank payment order (Finance Form 17) shall be prepared and approved in the same way as already described in chapter 6 to allow the cashier to withdraw money from the bank for the purpose of paying salaries.

7.2.6 A cashier who was not involved in the verification and authorization of the pay sheet shall make the distribution of payroll cash to each Department. Where a cashier is not appointed, a competent official may perform this role on authorization by the Chief Administrator. The salary payment will be recorded in the LG Finance Unit Treasury Chest Book, following section 6. The treasury chest book shall record the claim reference number from the Payment Request Form (7.3.3. above). Each LG Department will maintain a chest book to monitor the receipt of payroll cash and the disbursement of salaries.

7.3 Disbursement of salaries

7.3.1 Once the salary funds have been received by the Department, they will be disbursed to staff. This will be done by bank transfer directly to employees accounts where possible.

7.3.2 The Bank Payment schedule, produced by the Electronic Payroll system (SSEPS), will be used as a transfer instruction to instruct the bank to transfer salaries directly into employees' accounts. The procedure for approving issuing of this transfer instruction will be the same as for approving a bank payment order as described in Section 6.

7.3.3 Where banking facilities are not available, salaries are to be paid in cash. If the funds have been transferred to the Department's bank account, a bank payment order (Finance Form 17) shall be prepared and approved in the same way as already described in chapter 6 to allow the cashier to withdraw money from the bank for the purpose of paying salaries.

7.3.4 Adequate physical security measures shall be taken in the case of salaries paid to staff in cash to guard against theft during transportation from the bank or during the actual distribution.

7.3.5 LG Departments that have units in geographically separate areas, for example primary schools under the County Education Department, will further transfer payroll cash, together with the Cash Payment Schedules, to the senior official of each unit.

7.3.6 Every employee paid must sign (or thumb print) on three copies of the Cash Payment Schedule to acknowledge receipt of money; at the end of the cash distribution exercise, the cashier or senior officer responsible for disbursement of salary payments must sign the pay sheet. One copy is kept on file by the distributing officer, one copy is retained on file by the senior official of the LG Department, and one copy is sent to the LG Executive Director.

7.3.7 All unclaimed salaries shall be immediately returned to the LG Finance Unit. A register of unclaimed salaries will then be prepared; any employee that turns up at a later date shall sign this register as well as the pay sheet.

7.3.8 Where an employee is being paid for the final time in a LG, such as where an employee has been transferred by the State to another County, Finance Form No 8 - Last Pay Certificate (see Annex 7.7) shall be immediately prepared and submitted to SMoF to be used in making the necessary changes to the pay sheets for the subsequent month.

7.4 PIT and Pension remittances

7.4.1 Amounts deducted for Personal Income Tax, Pensions and other deductions must be remitted to the appropriate funds / agencies. This must be done in accordance with relevant legislation and procedures. All remittances must be recorded in the Treasury Chest Book.

8. FIXED ASSETS AND STORES MANAGEMENT

8.1 Fixed assets control and maintenance

- 8.1.1 Fixed assets include property (buildings), land, plant, equipment and infrastructure assets which are tangible items that are: (a) held for use in the delivery services (infrastructure) such as school buildings and medical equipment, to earn an income such as rent, or for administrative purposes such as office blocks; and (b) are expected to be used for more than one financial year.
- 8.1.2 Infrastructure assets usually display some or all of the following characteristics:(a) they are part of a system or network (e.g. road network, health unit network); (b) they are specialized in nature and do not have immediate alternative uses; (c) they are immovable; and (d) they may be subject to constraints on disposal, i.e. not readily saleable on the open market.
- 8.1.3 The purchase of fixed assets shall be in accordance with the public procurement laws. All purchases of fixed assets shall be within the approved budget.
- 8.1.4 Each fixed asset shall be assigned and marked/engraved with an identification number immediately it is acquired.
- 8.1.5 The Chief Administrator must ensure that a detailed recording of all fixed assets – the fixed assets register - which are durable and which have a cost of SSP 1,000 or greater is maintained; in compliance with Section 84 (5) of the LGA 2009.
- 8.1.6 The *fixed assets register* shall be kept up to date to show:
- a. The name, description of the assets;
 - b. Date of acquisition and original cost;
 - c. The Identification number, location and staff responsible for use and management of the asset;
 - d. When a fixed asset is disposed, the asset will be written off from the fixed asset register immediately [See **Appendix 8.1**].
- 8.1.7 It is advised that responsibility for the maintenance of the fixed assets register lies with the Head of Finance.
- 8.1.8 An annual inventory (physical inspection, counting and recording) of fixed assets should be performed by the Head of Finance and reconciliation made with the fixed asset register.
- 8.1.9 The Chief Administrator shall be the overall responsible officer for ensuring that appropriate insurance policies for motor vehicles are in force; where possible the Chief Administrator shall explore avenues for obtaining insurance for other assets against fire, burglary and theft.
- 8.1.10 Those charged with the responsibility over various fixed assets must take reasonable care to ensure proper handling and to prevent loss or theft. Any losses or discrepancies must be reported promptly to the Chief Administrator. Each LG staff shall take great care of any asset under his/her use.
- 8.1.11 Where an asset has been lost, the Chief Administrator shall cause an inquiry into the reason for the loss of the asset. Where such an inquiry finds a Local Government officer to be responsible for the loss of an asset, the Chief Administrator shall take action in line with the applicable HR guidelines.
- 8.1.12 The Chief Administrator, through the office manager or procurement officer, shall ensure that vehicles are checked/inspected and serviced periodically in accordance with laid down maintenance and service schedules. The condition of the vehicles shall be recorded as inspected. Repairs and maintenance will be performed as necessary.
- 8.1.13 The Chief Administrator, through the planning office and the Head of Finance, shall ensure that any existing IT equipment is serviced periodically and that repairs and maintenance are performed as necessary.
- 8.1.14 Disposal of assets shall be in accordance with the public procurement laws.

8.2 Management of Stores

Ordering, receipt and issue of stores

- 8.2.1 A LG may procure goods such as stationery and other materials to be used by several departments on various activities.

- 8.2.2 The Chief Administrator will control the ordering, storage, issuance and usage of stores materials through the Stores Manager¹⁴, but the procurement of stores shall be conducted in accordance with the public procurement guidelines and the law. An efficient flow of materials can be achieved through strict use of the work plans and projected estimated material requirements.
- 8.2.3 On receipt of materials and supplies, the Stores Manager shall sign a delivery note as evidence of items received. The quantity and quality of goods must be checked and confirmed to be in order before the supplier's delivery note is signed. Shortages and returns if any must be notified to the supplier and the delivery note should be annotated to indicate this.
- 8.2.4 A goods received note shall be completed and signed by the Stores Manager before the items are handed over to the storekeeper for safe custody. The original shall go to the supplier, the duplicate to process payment and the triplicate to remain in the book.
- 8.2.5 The signed delivery note along with the copy of GRN must be sent promptly to the Chief Administrator accompanied by a copy of the supplier's invoice.
- 8.2.6 Where an invoice is submitted for part delivery, a photocopy of the LPO or contract shall be attached to the invoice for payment.
- 8.2.7 Staff members shall requisition stores on a written memo, which shall be authorized by the Stores Manager before the storekeeper can release items from the stores.

Store records

- 8.2.8 The Stores Manager will maintain a record of stores received and issued out for each item in a book ruled as follows

Figure 8.1: STORES RECORD

Item Description: _____

Date	Received			Issued			Balance	Remarks
	GRN No.	Supplier	Units	To whom	Units/ number	Signature of recipient		

- 8.2.9 Records of stores received and issued out shall be maintained in the following manner:
- Step 1:** On receipt of items of stores from the supplier, the Stores Manager shall inspect the items and confirm quantities, quality and type of item before signing the GRN and handing over the items to the storekeeper; the Stores Manager will enter the items received on the relevant page of the stores record that contains the specific item received.
- Step 2:** On receipt of a stores request duly authorised by the Stores Manager or Chief Administrator, the storekeeper shall issue out the items and enter the details in the stores record after which he/she will request the recipient to sign for the items being taken.
- Step 3:** The Stores Manager shall cross out the request immediately thereafter to prevent its being re-used in issuing out more items; the crossed out stores request will then be filed by the storekeeper in a file for future reference, accountability and audit if any.

Stocktaking

- 8.2.10 The Stores Manager shall carry out quarterly physical stocktaking and shall prepare a stores report, which will be verified by a controller of accounts before being sent over to the Chief Administrator.
- 8.2.11 The stocktaking shall be conducted by physical count of stock items and comparison of physical quantity with the amount shown on the store record. Differences between the store record and the stock taking results shall be reconciled and investigated before write-off can be done. Where losses have been caused by Local Government officials, the Chief Administrator shall take action in line with the applicable HR guidelines.

¹⁴ Where the position of stores manager is non-existent or is vacant, the Chief Administrator shall allocate the responsibility to another official.

9. FINANCIAL REPORTING

9.1 The Principles

9.1.1 Local Governments should produce the following financial reports:

- **Quarterly Budget Performance Reports.** These are to be produced and submitted to the Executive Council, and to the State Ministry of Local Government for scrutiny at the County Transfers Monitoring Committee,¹⁵ within 30 days of the end of the quarter.
- The **half-year (quarter two) and annual (quarter four) budget performance reports** should also be presented to the County Legislative Council, in line with section 84 of the LGA, 2009, again within 30 days of the end of the quarter.
- **Final accounts.** The PFMA Act, 2011 requires any public officers administering the accounts of any public organisation to produce sign and submit to the relevant authorities, the annual accounts report in accordance with the content and classification of the budget. LG final accounts should be ready within three months after the end of each financial year.
- **Audited accounts.** Section 85 of the LGA, 2009, requires that the final accounts of Local Governments are “audited annually by the Auditor General...or any other audit firm appointed by the Legislative Council and approved by the Auditor General.” The audited accounts must be presented to the Legislative Council within six months of the end of the financial year (Section 87, LGA, 2009).

9.1.2 The Chief Administrator shall have responsibility for ensuring that all of these reports are prepared in a timely fashion, and for submitting reports to the Director General of Local Government of the State. Responsibility for preparation lies mainly with the Finance Unit who must ensure that timely and accurate financial data is available. The Planning Unit should assist with writing the narrative (see below), and for coordinating submission of narratives from Departments.

9.1.3 The Commissioner or Mayor shall have responsibility for submitting half-year and annual budget performance reports, final accounts and audited accounts to the Legislative Council.

9.1.4 The basis of all the above reports shall be in providing a comparison of budgeted and actual amounts. When financial statements contain budget performance information, it demonstrates that the LG is meeting its public accountability obligations because it provides a means for documenting and proving adherence to its budgets through transparent financial reporting.

9.1.5 The reports set out above are the reports the Local Government must submit to outside organisations. Within the Council, the Head of Finance shall present to the Chief Administrator a monthly financial report that shall then be discussed in the management staff meetings and by the Executive Committee. The usefulness of financial reports diminishes if they are not made available to users within a reasonable period after the reporting date. The following section 10 provides further guidance on internal financial monitoring in the Local Government.

9.1.6 LG officials must be in position to issue its monthly, quarterly and annual reports timely; the monthly and quarterly reports shall be issued to the Chief Administrator within 15 days after the end of the month/quarter while the annual financial report shall be issued within three months of the reporting date.

9.1.7 LG financial reports shall be prepared under the *cash basis accounting*, the cash basis of accounting recognizes financial events in the financial report when cash is received and paid. Financial reports prepared under the cash basis provide readers with information about the sources of cash raised during the period, the purposes for which the cash was used and the

¹⁵Each State forms a County Transfer Monitoring Committees, consisting of the State Ministries of Finance and Local Government and any other State Ministry providing grants to Local Governments, to review the grants sent to Local Governments and the quarterly budget performance reports showing how those grants have been utilised.

cash balances at the reporting date. The measurement focus in the financial report is balances of cash and changes therein¹⁶.

9.2 Source of information to be included in the financial reports

9.2.1 The financial information to be included into the financial reports shall be extracted from the following records and documents:

- a. *The treasury chest book and the bank account cashbook*(FF no. 19) – from these books, obtain the amount of cash available on hand and at bank on the reporting date;
- b. *The accountants register of receipts*(FF no. 65) – from this record, obtain details of all receipts obtained during the reporting period by adding up the entries made into the columns for the various items from which money was received;
- c. *The accountants register of payments* (FF no. 76) – from this record, obtain details of all payments made during the reporting period by adding up the entries made into the columns for the various items for which money was paid;
- d. *The budget control books* – from these records, the payments made against each item of each department’s budget.
- e. *The budget document* – from the budget document, obtain information on planned revenues and expenditures and compare it with what was actually received and paid respectively per item;
- f. *Records of outputs/physical progress* - additionally, for the quarterly budget performance reports, Departments will provide narratives of the achievements made and activities actually conducted, compared against the activities planned for in the budget narrative.

9.3 Structure and content of Quarterly Budget Performance Reports

9.3.1 Compliance with budgetary accounting implies that the *financial reports should be presented in the same format as that in which the budget was presented*; i.e. budget performance reports. This allows for comparisons between the actual and planned/budgeted to be made.

9.3.2 The quarterly budget performance reports therefore follow a similar format to the Local Government Budget discussed in Chapter 2 of this Manual.

9.3.3 The major difference is that at the start of the Quarterly Budget Performance report, the Head of Finance should prepare a *statement of cash receipts and payments* which recognizes the cash controlled by the reporting LG together with explanatory notes. This statement shall be prepared at the end of every month, quarter and at the end of the year.

9.3.4 The statement of cash receipts and payments should present the following details for the reporting period:

- a. *total cash receipts* of the LG;
- b. *total cash payments* of the LG;
- c. *opening and closing cash balances* of the LG, identifying cash in hand and cash held in the Bank.

9.3.5 Presented below in figure 9.1 is the format for the statement of cash receipts and payments:

¹⁶International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting

Figure 9.1a: Format of the Statement of Cash Receipts and Payments

Description	Budget	Cumulative to end of Quarter	For Current Quarter
Opening Balance	-		
<i>o/w Bank Balance</i>	-		
<i>o/w Cash In Hand</i>	-		
Receipts	<u>XXXXXX</u>		
Less: Expenditure	<u>XXXXXX</u>		
Closing Balance	-		
<i>o/w Bank Balance</i>	-		
<i>o/w Cash In Hand</i>	-		
CERTIFIED: _____ Date _____ County Head of Finance			
APPROVED: _____ Date _____ County Executive Director			

9.3.6 This statement shall also be prepared showing separately showing each source of funding, that is showing the cash balances for government funds and for the different donor funds. This shall be done on a quarterly and a cumulative basis. The formats for these are shown below.

Figure 9.1b Cash Balances for Quarter by Fund

Code	Description	Opening Balance at start of quarter			Receipts	Expenditure	Closing Balance		
		Bank	Cash In hand	Total			Bank	Cash In hand	Total
1100	Government Funds								
2100	[Donor project 1]								
	Total LG Budget for the year								

Figure 9.1c Cumulative Cash Balances by Fund

Code	Description	Opening Balance at start of year			Receipts	Expenditure	Closing Balance		
		Bank	Cash In hand	Total			Bank	Cash In hand	Total
1100	Government Funds								
2100	[Donor project 1]								
	Total LG Budget for the year								

9.3.7 The report will then show the receipts by revenue item, showing separately the sources of the cash receipts according to the item classifications of the chart of accounts. The format for this is shown at Appendix 9.2. For the reports to be consistent, the total receipts to end quarter shown must be equal to the total receipts shown in Figures 9.1a and 9.1c. The final receipts report is showing receipts by the department which has collected the receipts, or which grants were ear-marked for. This is also shown at Appendix 9.2. Again, the total receipts to end quarter shown must be equal to the total receipts shown in Figures 9.1a and 9.1c.

9.3.8 A narrative should be written to accompany these revenue tables. This should explain the reasons for the LG revenue outturns. For example why different revenue sources performed

the way they did – shortfalls and above target collections. The narrative should also highlighting challenges in revenue collection that enable the Council come up with informed decisions/resolutions on how to improve collection.

9.4 Department expense reports

- 9.4.1 Department expense reports shall be produced for every sector to show the amount spent in comparison to the budget, for each item. Where a Department is receiving funding from more than one funding source (i.e. from government funds and from donor funds), the expenditure report by item shall be shown for each fund, and as a total for all funds.
- 9.4.2 The format for Department expense reports is shown at Appendix 9.5.
- 9.4.3 Whereas the Finance Unit can compile the expenditure figures for each Department, the Heads of Department will be responsible for ensuring that each Department provides a narrative explaining the activities carried out or outputs achieved. These are to be compared to the narrative plan set out in the Budget.
- 9.4.4 The objective of this narrative is to reinforce the financial report by showing exactly the activities for which the money has been spent and what has been attained compared with what was planned.
- 9.4.5 The narratives should quantify the outputs achieved as far as possible. For example the Education Department’s report on outputs may include:
- Number of primary schools inspected/number of school supervisor’s reports
 - Number of primary school inspectors trained
 - Number of one refresher courses for primary school teachers conducted, etc.

9.5 Summary of expenditure by Department

- 9.5.1 Once reports have been compiled for each Department, summary tables showing total expenditure by each Department should be compiled for the beginning of the Quarterly Budget Performance Report. The formats for these are shown at Appendix 9.3. These simply add up the totals by chapter and by funding source for each Department.
- 9.5.2 Payments by expenditure item should also be shown, showing the classification of expenditures by item. The format for this is shown at Appendix 9.4. As with receipts, for the report to be consistent, the total expenditures to end quarter shown must be equal to the total expenditures shown in Figures 9.1a and 9.1c.
- 9.5.3 As with the summary of revenue, a narrative should be written to accompany the expenditure summary tables. This should include:
- **explanation of variances:** explain the reasons for any variances between planned and actual expenditures, which could be under or over the budgeted levels. This helps the Council to check if the budget is being implemented as planned and also to assess/forecast if the projects started will be completed in time before the end of the financial year or not. Corrective actions can then be taken if anomalies are identified.
 - **achievements and challenges:** draw on the Department narratives (see section 9.4 above) to highlight the major achievements of the Council as a whole, and the major challenges the Council as a whole faces, such as constraints in implementation, staff capacity, staffing gaps etc. This helps the Council plan how to address the identified challenges.
 - **capital projects:** provide an overview of the progress and performance of capital projects, drawing on the capital projects reports described in section 9.6 below.

9.6 Capital Projects Reports

- 9.6.1 The LG Procurement Officer should complete a report on progress of the planned capital projects. The format for this is shown at Appendix 9.6. A report on progress on capital

projects financed by the County Development Grant is a condition of receiving further releases of that grant.

9.6.2 The status of each project should be reported on, whether:

- Procurement has not yet started
- The project is being procured
- Works are underway
- Works are completed

9.6.3 For capital projects to be completed in a timely fashion, Local Governments must receive funds for this in a timely manner, especially to allow them to make payments on time during the dry season when construction is possible. To allow this to be the case, it is not proposed to link release of the County Development Grant to funds spent. However, the County must show that it intends to carry out the planned projects.

9.6.4 To do this, the Commitment Register must also be part of the Quarterly Budget Performance Report. The Commitment Register is shown at Appendix 5.2, and show where contracts have been signed even if funds have not yet been paid, so that County Development Grant is released against funds committed for capital investments, rather than funds spent.

9.7 Additional financial information

9.7.1 In addition to the financial reports discussed above, other financial information may be disclosed to enhance the usefulness of the financial report; such information may include:

- ***On a monthly and quarterly basis:***
 - i. A summary of outstanding reimbursable advances at the end of the month.
 - ii. All unpaid payment orders if any and suppliers' invoices.
- ***In the annual final accounts the following additional information must also be provided::***
 - i. *Statement of accounting policies and explanatory notes* to the statement of cash receipts and payments. The main accounting policy disclosure shall be the basis of accounting used in the preparation of the financial reports (i.e. the cash basis). The notes shall also identify any significant departures from the accepted accounting practice and shall state the reasons for such departures. Additional information may be provided to explain the figures presented on the face of the statement of cash receipts and payments, however, only information, which is relevant to an understanding of this statement, should be presented.
 - ii. *Supporting notes:* Entities that report using the cash basis of accounting frequently collect information on items that are not recognized under cash accounting; examples of such information that may be collected include details of: (1) receivables/debtors including own-source revenue debtors, payables/creditors for the supply of goods and services, (3) loans to staff; (4) reimbursable advances outstanding, (5) borrowings and other liabilities, (6) major commitments and contingent liabilities and, (7) performance indicators and the achievement of service delivery objectives. Where a LG has collected this kind of information, it may include it in the financial report as separate information in the notes but not on the face of the financial report; however, where such disclosures are made they should be clearly described and readily understandable.
 - iii. *Assets registry:* the final annual accounts prepared shall include an assets registry, including the status and location of title for each Government asset. The asset register described in Chapter 8 of the Manual, and

9.8 Distribution of financial reports

9.8.1 Chief administrators shall submit copies of **quarterly budget performance reports** to the SMoF and the SMoLG not later than the 30th day after the end of the quarter.

- 9.8.2 Commissioners/Mayors shall submit the second quarter (**half-year**) and quarter four (**annual**) **budget performance reports** to the County Legislative Council again within 30 days of the end of the quarter.
- 9.8.3 **Final accounts** shall be signed by the Chief Administrator and submitted to the Auditor General, with a copy sent to the Director General of Accounts in the Ministry of Finance & Economic Planning not later than the end of September each year.

10. MONITORING, AUDIT AND SCRUTINY

10.1 Financial Monitoring

- 10.1.1 The Chief Administrator is responsible for monitoring the financial aspects of the LG; on a day-to-day basis, the responsibility for this falls on the Head of Finance who does it on behalf of the Chief administrator.
- 10.1.2 The purpose of financial monitoring is to provide assurance to the Executive Council that the financial goals of the LG are being met and that financial processes are being managed according to applicable laws, rules and regulations.
- 10.1.3 Financial monitoring must be done simultaneously with output or physical progress monitoring because the two tend to have obvious inter-linkages; i.e. poor output or insufficient physical progress is often coupled with wasteful utilisation of financial resources.
- 10.1.4 Financial monitoring should cover the following among others:
- Compliance with the budget* – the extent over expenditure without authorisation;
 - Financial records management* –how well are the records being prepared and stored/filed? To what extent are they free of material errors? How easy can it be for fraudster to tamper with the records?
 - Reimbursable advances* – how well are the staff members accounting for reimbursable advances? Are the accountability documents presented by staff acceptable? Do they provide room for misrepresentation (including forgery)?
 - Internal controls* – what controls are in place? Are they operating in an approved and acceptable way or they are just a formality? How easy is it to circumvent the established internal controls without being detected?
 - Cash transactions* – cash transactions are always very susceptible to unscrupulous people because everyone likes cash! What procedures are in place to limit direct liquid cash transactions in preference to other means of payment? What security safeguards are in place during transportation and pay out of cash and what cash is at the LG offices?
 - Revenue and other receipts* – are all those who are supposed to pay actually paying? Does the money collected reach the coffers of the LG intact? How easy is it for those responsible for receiving revenue to use part of the money for personal benefit and be able to conceal this information?
 - Payments* – how genuine and effective is the LG spending? Is spending properly authorised before payment? Is spending made only for the activities of the LG? How easy is it for an irregular payment to be made?
 - The accuracy of financial reports* – are the underlying accounting records accurate? Has all financial information been included? Are proper accounting principles been applied?

10.2 Budget performance monitoring

- 10.2.1 This is the comparison of the budget with actual receipts and expenditure on a regular basis and taking corrective action as necessary to ensure that funds are being collected efficiently and utilised properly in accordance with the approved budget. The budget performance reports, discussed in chapter 9 of this manual, should not just be produced; the Chief Administrator and the executive council to control the direction of the LG should use them. It is therefore important that regular, weekly, monthly and quarterly meetings of senior officers and the executive council are convened to discuss the reports, identify reasons for suboptimal performance and chart a way forward to ensure achievement of set objectives and service delivery.
- 10.2.2 To ensure that budget performance is carefully monitored and managed, the annual budget must be accurately allocated across the twelve months of the year. This is called *budget*

phasing; it forms the basis of all variance/deviation analysis and commentary about financial performance. Accurate allocation here refers to being able to allocate the budget according the way spending is projected occur in each of the 12 months. Apart from salaries, which tend to be nearly equal per month throughout the year, other expenses may not necessarily occur evenly.

- 10.2.3 The Chief Administrator and the Executive Council are responsible and accountable for the LG's compliance to the approved budget and will report to the Finance Committee of the legislative assembly, if in place, on a monthly basis.
- 10.2.4 The Head of the Finance section is responsible for reporting to the Chief Administrator, on the LG's compliance with the approved budget on a monthly basis. Any material deviations so reported shall be brought, by the Chief Administrator, to the knowledge of the Executive Council together with the reasons for such deviations as well as the actions being taken to address them.
- 10.2.5 Budget monitoring and analysing revenues and spending allows the LG officials to revise the estimates and be able to implement LG activities in a more realistic and efficient manner. Monitoring and analysing the budget should occur on a regular basis. Monthly, quarterly, and mid-year analysis will help in comparing actual to budgeted figures. Year-to-date or month-to-date revenue and expenditure comparisons to the budget, including what percentage of the budget has been spent and how much remains, are questions the LG officials should be asking on a regular basis and taking appropriate corrective actions thereafter.
- 10.2.6 Monitoring and analysing revenue budget performance requires a review of the detailed information regarding major revenue sources. The budgeted revenue amounts shall be compared with the collected amounts on a quarterly basis during the course of the financial year to monitor overall collection performance. This comparison allows revised estimates of anticipated revenues/receipts to be made and, if revenues forecasts indicate a budget shortfall is likely to occur, expenditures must to be cut.
- 10.2.7 For spending, monitoring and analysis is usually more detailed and involving because of the numerous accounts and various categories of expenditures. Expenditure can be monitored using the following methods:
 - a. *Time-of-year comparison*- this compares the percentage of the year, which has elapsed, with the percentage of budgeted expenditures that has occurred.
 - b. *Comparison of the budget to actual costs* by reviewing documents received after the budget was established to check on the budget's accuracy.
- 10.2.8 On a monthly and quarterly basis, the Chief Administrator, through the Head of Finance monitors each budget line item to analyse budget utilization and variances and report to the Executive Council any recommendations for resolving these deviancies. The recommendations should take the form of regular progress reports or a memorandum detailing any specific anticipated problems, suggested solutions or budget revision recommendations, which after approval by the Executive Council will be communicated by the Chief Administrator to the responsible technical officers or heads of sectors.
- 10.2.9 The Head of Finance/Accounts will adhere to the following guidelines in monitoring budgets:
 - a. Post-accounting entries on a daily basis;
 - b. Analyse in detail transactions entries in the books of account to ensure proper posting per line item. Improper coding and posting can result in erroneous and misinterpreted financial reports;
 - c. Comparison of year-to-date activity to the total budget;
 - d. Unusually high monthly spending on an activity should be investigated because it could be due to improper coding or wastage and misuse of funds.

10.3 Internal Audit

- 10.3.1 Internal auditing is a continuous independent, objective assurance and consulting activity designed to add value and improve the operations of a local government. The job of an internal auditor is to evaluate the effectiveness of the *fiduciary risk management* procedures, controls and governance process within a local government and then advise its management and the legislative council on areas to improve and new risk management procedures to introduce.
- 10.3.2 The scope of internal auditing in a local government may include:
- Assessment of the efficiency and effectiveness with which the operations of the LG are conducted;
 - Assessment and providing reasonable assurance about the reliability of financial reporting;
 - Providing assurance on procedures in place to deter fraud as well as to investigate fraud;
 - Assessment of and providing assurance about the procedures in place for safeguarding assets;
 - Measuring and providing assurance about the compliance with the laws and regulations,
- 10.3.3 It must be noted however that the responsibility for establishing the policies and process (the internal controls) in all the above areas belongs to the management of the LG; the internal auditor assesses the controls as established by management and provides reasonable assurance about their reliability and provides advice on how to improve them.
- 10.3.4 As independent advisors to management, internal auditors should not get involved and are not responsible for implementation or execution of the activities of the LG; instead, they should advise management and the legislative council with respect to how to better execute their responsibilities.
- 10.3.5 To perform their role effectively, internal auditors require organisational independence from management. This is important to enable them offer unbiased advise and constructive criticism where applicable as well as to enable them conduct unrestricted evaluation of the activities of the LG managers and staff. Therefore although internal auditors are staff members of the LG, their primary responsibility should be to the entity charged with oversight of management's activities; i.e. the legislative council.
- 10.3.6 All LGs in South Sudan shall be required in the future to have an internal audit section which will be required to issue quarterly internal audit reports as well as reports after the end of every major audit activity. Such reports should summarise the findings of the internal auditor, recommendations and any responses or actions plans from management

10.4 Annual External Audit

- 10.4.1 The purpose of an external audit is to promote value for money for the public that is paying the taxes which LGs use. An external audit is an independent assessment of local public finances and making practical recommendations for promoting value for money spent that may result into a better quality of life for local people.
- 10.4.2 LG accounts must be audited annually by the Auditor General, or any firm approved by the Auditor General, who should submit a report to the Mayor or County Commissioner and the Legislative Council on those accounts.¹⁷ Audits will be carried out in accordance with internationally accepted auditing standards, or other acceptable standards set by the Auditor

¹⁷ LGA, Section 85(1): "Accounts of the Local Government Councils shall be audited annually by the Auditor General of the Government or any other audit firm appointed by the Legislative Council and approved by the Auditor General."

General. The audit report must be presented by the Mayor or County Commissioner to the Legislative Council within six months following the end of the financial year.¹⁸

- 10.4.3 The Auditor General may carry out any accounting, technical, administrative or legal checks he/she considers useful or necessary, and for that purpose may demand to see any documents relating to the transactions of the LG. Therefore, the Chief Administrator through the Head of Finance shall ensure that all original documents with respect to revenue and expenditure of the LG are properly secured and filed in a manner that allows the Auditors to conduct the audit without unnecessary difficulties or questions.

10.5 Public access to key financial information

10.5.1 The following documents should be made public:

- The LG Budget, once approved by the Legislative Council
- Quarterly Budget Performance Reports
- Findings of the external audit

10.5.2 The Commissioner and Chief Administrator should be proactive in disseminating this information to the public. The measures they undertake should include:

- Publication of summary data on notice boards at the LG Headquarters and at payam/block headquarters.
- Using local radio stations to disseminate the budget & reports.
- Using networks such as the traditional leaders forums, religious leaders etc. to inform the communities.
- Discussion of the budget, performance reports and audit findings at the participatory meetings held during the annual planning process.

¹⁸ LGA, Section 87: “The Commissioner, Mayor or Town Clerk shall cause to be presented to the Legislative Council, during the six months following the end of the financial year, the audited financial report of all Council’s revenue and expenditure for consideration.”

11. PFM GUIDELINES FOR SERVICE DELIVERY UNITS

11.1 General principles

- 11.1.1 This chapter sets out the general guidelines for budgeting, control and reporting requirements for funds provided to service delivery units including basic schools, primary health care facilities and lower level administrative local governments such as Payams and Bomas. These also apply to any community structures such as a Payam or Boma Development Committees, or Boma Community Procurement Committees that may receive funding from a Local Government.
- 11.1.2 The National Ministry in charge of each sector (e.g. Ministry of General Education & Instruction for schools) will set out more detailed guidance on budgeting formats, what funds provided can be utilised for, and so on, consistent with these general guidelines.
- 11.1.3 Service delivery units including basic schools, primary health care facilities and lower level administrative local governments such as Payams, Bomas and Project Implementation Communities shall observe the guidelines in this chapter.
- 11.1.4 The Officer in Charge of the service delivery unit shall be responsible for controlling the funds of the unit and his/her first immediate reporting responsibility shall be to the governing body of the service delivery unit (such as a School Management Committee or Board of Governors).
- 11.1.5 The role of the governing body shall be to allocate funding through the budget for the unit and to exercise oversight over the utilisation of the unit's funds; including authorising the officer in charge of the unit to make procurements.
- 11.1.6 Each head of a service delivery unit shall either employ the services of a full time/part time records assistant or, where the financial transactions are few, designate one of the unit's officers to be in charge of keeping records of amounts spent.
- 11.1.7 Reports on the usage of any funds transferred to service delivery units will be made to the sectoral Department in charge of their supervision (e.g. the County Education Department for schools) at least once a year. Officers from the staff of the Local Government (whether sectoral department staff, payam staff or finance staff) shall inspect the reports and spending records kept by the service delivery units at least once a year and offer advice to the officer in charge of the unit on how to keep better records.

11.2 Budgeting

- 11.2.1 Every year the officer in charge shall prepare a budget for the unit in line with any guidance and formats issued by the appropriate national Ministry, and have it approved by the governing body. The annual budget shall be the financial plan for the operation of the basic school, primary health care unit etc. Simple budgets expressed in a language and format easily understood shall be developed.
- 11.2.2 The budget shall translate the unit's planned activities into financial terms. All planned activities shall be covered by the budget; e.g. for a primary school the budget shall cover administrative costs (such as cleaning, fuel and the like), curricular activity costs (such as text books, chalk and the like) and co-curricular activities (such as games, physical education, music competitions and the like).
- 11.2.3 The budget format shall itemise the expected expenses of the service delivery unit by object of expenditure (travel for school sports competitions, books, cleaning materials and tools etc.).
- 11.2.4 The head of the service delivery unit should ensure the budget is displayed on a notice board commonly visited by stakeholders. The budget should be considered a public document, and made available on request to any stakeholders.

11.3 Expenditure control

- 11.3.1 It is the responsibility of each head of service delivery unit to ensure proper control over the funds allocated to the unit; he/she will ensure that proper procedures are in place for the safe custody of cash by obtaining a lockable cashbox which can be used for this purpose and to which access is limited only to the head of the unit. He/she will also ensure the provision of adequate physical security including armed guards while large sums of money are involved.
- 11.3.2 Expenditure of funds shall be made in accordance with government directives and guidelines and no expenditure shall be made outside the purposes specified in the government guidelines.
- 11.3.3 Where funds are obtained from a donor, such donors might impose specific usage and reporting requirements and it will be the responsibility of the head of the service delivery unit to ensure he/she internalises all such requirements and complies with them.
- 11.3.4 Where a service delivery unit has a management committee or Board of Governors, the head of the service delivery unit shall obtain general authorisation to spend from the board and will regularly provide the Board chairperson with information regarding the expenditures made.
- 11.3.5 The head of the service delivery unit will personally take responsibility for authorising payments from the unit's funds; will carefully scrutinise all payments to ensure that no irregularities are paid for. The head will also ensure that relevant supporting documents for any spending are obtained, checked after payment and properly filed for future reference.

11.4 Keeping financial documents

- 11.4.1 Each service delivery unit will maintain a *lever arch file* for filing all important accountability documents such as invoices, receipts, signed cash distribution forms, signed attendance forms and activity reports. Such documents form the evidence of the expenditure made.
- 11.4.2 The head of the accounting unit or treasurer will serially record each expense made in a ledger/counter book. This expense record should be appropriately ruled to include columns as indicated below:

Figure 11.1: Format of an expense record for a service delivery unit

Date	Name of payee	Purpose of the payment	Receipt/ invoice No., if any	Amount	Signature of payee

11.5 Financial reporting

- 11.5.1 Every quarter or at the end of the school term in the case of schools, and end of financial year, the head of the service delivery unit shall present a typed or hand-written *financial report* – a list of cash received and payments made – to the Chief Administrator, through the relevant sector Department. The list must also indicate the balance of money at hand. Where photocopying services are available, the officer in charge of the service delivery unit shall attach to these, list photocopies of the relevant supporting documents such as receipts, signed attendance registers and cash distribution lists, and approved activity plans. The original documents should not be attached but should remain in the file for purposes of inspections and audits. The sector Department will review and analyse the report and forward its findings to the Chief Administrator and to the relevant State Ministry.
- 11.5.2 The financial report will be presented to a meeting of the governing body of the service delivery unit. The head of the service delivery unit should display the financial report on a

notice board commonly visited by stakeholders. The financial report shall be considered a public document, and made available on request to any stakeholders.

11.5.3 The following is the format of income/expense statement:

Figure 11.2: Illustration of the format of an income and expense statement for a service delivery unit

INCOME AND EXPENSE STATEMENT FOR THE PERIOD ENDED	
Income (source of income)	SSP
Balance B/F	
Total Income	
Expenditure Items	
Total Expenditure	
Balance/Deficit (Total Income Minus Total Expenditure)	

11.5.4 Some Non-Government Organisations that provide funding to a service delivery unit may require regular accountability as part of the memorandum of understanding signed between them and the service delivery unit or the government; it is the responsibility of the head of the unit to ensure he/she comprehends such accountability requirements and complies with them.

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APPENDIX 1: FINANCIAL ADMINISTRATION

Appendix 1.1: Key Finance and Accounting Provisions

A. Accounts Provisions From The Public Finance and Accountability Act 2011:

- a. *Section 60(1)*: All levels of government in South Sudan shall comply with *international public sector accounting standards [IPSAS]*, best practices and fiscal accountability to ensure that Public Funds are allocated and expended in accordance with the budget of the respective level of government.
- b. *Section 60 (2)*: All levels of government in South Sudan shall hold all income and revenue received in public accounts and subject to public scrutiny and accountability

B. Finance Provisions From the LGA 2009:

- c. *Section 47(e)*: The executive council shall prepare annual budget and reports to the Legislative Council on the progress of the executive work;
- d. *Section 61[c], 63[c] & 65 [c]*: The Chief Administrators of a LG is its chief financial officer
- e. *Section 69*: The Principle of Integrated Participatory Planning:
- f. *Section 70*: The Council Planning Unit
- g. *Section 71*: Functions and Duties of the Planning Unit
- h. *Section 72*: Implementation and Execution of the Council Plan
- i. *Section 73*: Sources of Local Government Finance
- j. *Section 74*: Local Sources of Revenue
- k. *Section 75*: Community Contributions
- l. *Section 76*: Grant-in-aid
- m. *Section 77*: Government Grants
- n. *Section 78*: Donor Grants
- o. *Section 79*: Loans
- p. *Section 80*: Establishment of the Local Government Fund
- q. *Section 81*: The Financial Year of the Councils
- r. *Section 82*: The Appropriation Bill
- s. *Section 83*: Submission of the Budget Proposal
- t. *Section 84*: Execution of the Council Budget
- u. *Section 85*: Audit of Council Accounts
- v. *Section 86*: Provisional and Supplementary Financial Measures
- w. *Section 87*: Final Accounts
- x. *Section 134*: Local Government Taxes, Fees and Charges

C. Accounts Provisions From The LGA 2009:

- y. *Section 84(3)*: The Council shall maintain its books of accounts in order to record (i) all transactions of funds received and spent; (ii) all income earned or accrued but not received; and (iii) all expenditures committed but not incurred.
- z. *Section 84(4)*: The books of accounts of the Council shall be kept and maintained according to sound bookkeeping and accounting principles and standards.
- aa. *Section 84(5)*: The Council shall keep and maintain proper records of its moveable and immovable assets and the discharged and un-discharged liabilities.
- bb. *Section 84(6)*: Before the expiry of the financial year, the Executive Council shall prepare and submit to the Legislative Council a financial report on the budget implementation during the year.
- cc. *Section 85(1)*: the Auditor General of the Government or any other audit firm appointed by the Legislative Council and approved by the Auditor General shall audit Accounts of the Local Government Councils annually.
- dd. *Section 85(2)* The State Ministry of Local Government and Law Enforcement may direct the Council to take corrective measures arising out of the Auditor's report.
- ee. *Section 85(3)* The Local Government Board may conduct financial inquiry into the conduct and running of financial affairs of any Council, in collaboration with the State Ministry of Local Government and Law enforcement and prepare reports to the President of the Government of Southern Sudan and the Governor of the State concerned.
- ff. *Section 87*: The Commissioner, Mayor or Town Clerk shall cause to be presented to the Legislative Council, during the six months following the end of the financial year, the audited financial report of all Council's revenue and expenditure for consideration.

Appendix 1.2: List of International Public Sector Accounting Standards

IPSAS 1 Presentation of Financial Statements
IPSAS 2 Cash Flow Statements
IPSAS 3 Net Surplus or deficit for the Period, Fundamental Errors and Changes in Accounting Policies
IPSAS 4 The Effect of Changes in Foreign Exchange Rates
IPSAS 5 Borrowing Costs
IPSAS 6 Consolidated Financial Statements and Accounting for Controlled Entities
IPSAS 7 Accounting for Investments in Associates
IPSAS 8 Financial Reporting of Interests in Joint Ventures
IPSAS 9 Revenue from Exchange Transactions
IPSAS 10 Financial Reporting in Hyperinflationary Economies
IPSAS 11 Construction Contracts
IPSAS 12 Inventories
IPSAS 13 Leases
IPSAS 14 Events after the Reporting Date
IPSAS 15 Financial Instruments: Disclosure and Presentation
IPSAS 16 Investment Property
IPSAS 17 Properties, Plant and Equipment I
IPSAS 18 Segment Reporting IAS 14
IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets
IPSAS 20 Related Party Disclosures
IPSAS 21 Impairment of Non-Cash Generating Assets
IPSAS 22 Disclosure of Financial Information about the General Government Sector -
IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) -
IPSAS 24 Presentation of Budget Information in Financial Statements -
IPSAS 25 Employee Benefits
IPSAS 26 Impairment of Cash-Generating Assets
IPSAS 27 Agriculture
IPSAS 28 Financial Instruments: Presentation
IPSAS 29 Financial Instruments: Recognition and Measurement
IPSAS 30 Financial Instruments: Disclosure
IPSAS 31 Intangible Assets

Appendix 1.3: Key Accounting Policies

- a. *Legal compliance* – a PFM system that allows for compliance with the legal provisions.
- b. *Basis of accounting* – LG units should apply cash basis of accounting.
- c. *Budgetary accounting* – budgetary comparisons must be included in the appropriate financial reports and schedules and the basis upon which the budget is prepared must be consistent with the basis of accounting applied
- d. *Common terminology and classification of financial items and transactions* must be consistently applied through the budget, the accounts and the financial reports
- e. *Information and communication* – LGs must have relevant and reliable financial information
- f. *Monitoring* – LG managers must assess the quality of financial and physical performance over time and ensure the finding of audits and other reviews are promptly resolved.
- g. *Materiality and aggregation* - when a legal requirement or an IPSAS specifically applies to a transaction, other event or condition, the accounting policy or policies applied to that item shall be determined by applying the law or the IPSAS. Nevertheless those policies need not be applied when the effect of applying them is immaterial. However, it is inappropriate to make, or leave uncorrected, immaterial departures from the law or IPSAS to achieve a particular presentation of a LG Unit's financial position or financial performance. Each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function shall be presented separately, unless they are immaterial
- h. *Consistency* - a LG Unit shall select and apply its accounting policies *consistently* for similar transactions, other events, and conditions. A LG unit shall change an accounting policy only if required by law, an IPSAS or results in the financial statements providing reliable and more relevant information (par 17 IPSAS 3).
- i. *Fair presentation* - financial records and reports must present fairly (freedom from bias) the financial position and financial performance of the LG Unit.
- j. *Going Concern* - financial reports shall prepared on the assumption that the LG Unit is a going concern and will continue in operation and meet its statutory obligations for the foreseeable future
- k. *Comparative Information* - comparative information shall be disclosed in respect of the previous period for all amounts reported in the financial statements.

Appendix 1.4: Job Allocation Schedule for Key PFM Staff in a Local Government

<i>Officer</i>	<i>Roles and responsibilities of key staff in PFM</i>
Chief Administrator	<p>Reporting to the Commissioner/Mayor, the Chief Administrator is the Chief Finance Officer of the LG [LGA 2009 Sections 61.1(c), 63.1(c), 64.1(c)] and will be responsible for:</p> <ol style="list-style-type: none"> Supervising the administration and management of the LG finances, procurement and maintenance of movable and immovable assets [LGA 2009 Sections 61.2(e), 63.2(e), 64.2(e)] Safe custody of LG records and funds [LGA 2009 Sections 61.2(k), 63.2(k), 64.2 (k)] Implementation and execution of the LG plan [LGA 2009 Sections 72(1), 84(1)] Periodically render progress reports to the executive council for purposes of accountability [LGA 2009 Sections 72(2), 84(2), Principal signatory on all cheques or payments issued by the LG Preparing a detailed hand-over report in case of transfer, resignation or termination.
Planning officer (Section 71 LGA 2009)	<p>Reporting to the Chief Administrator, the Planning Officer who is head the LG's planning and budget desk will be responsible for:</p> <ol style="list-style-type: none"> Identifying, analysing and prioritising the needs of the Council Preparing the Council Plan and Budget for approval by the Legislative Council Monitoring and supervising the implementation of the Council Plan and Budget. Coordinating and monitoring the activities of all development partners in the implementation of the Council projects. Preparing a detailed hand-over report in case of transfer, resignation or termination.
Procurement Officer	<p>Reporting to the Chief Administrator, the Procurement Officer will be responsible for:</p> <ol style="list-style-type: none"> Managing all procurement or disposal activities of the Procuring Entity, except adjudication and the award of Contracts. This includes preparing the Local Government's procurement plan based on inputs from the User Departments and coordinating the procurement activities of the User Departments; Acting as Secretary to the Procurement Committee, and prepare documentation for the Procurement Committee's approval: recommend Procurement and Disposal methods prepare Bid Notices and bidding documents prepare contract documents Recommending membership of the Evaluation Committees to the Procurement Committee Implementing the decisions of the Procurement Committee; Checking and preparing statements of requirements; Maintaining a list of pre-qualified Suppliers and Contractors; Issuing approved Contract documents; Maintaining and archive records of Procurement and Disposal Processes, ensuring that the all documents relating to procurement processes are recorded, filed and preserved; Preparing quarterly reports for the Procurement Committee; Ensuring basic contract information is publicised, at a minimum by posting the basic information on the LG notice board and for works, ensuring a sign-board with basic information is set up at the project site; and Preparing a detailed hand-over report in case of transfer, resignation or termination.
Head of Finance/Controller of Accounts	<p>Reporting to the Chief Administrator, the Head of Finance/Controller of Accounts will be responsible for:</p> <ol style="list-style-type: none"> Organizing the finance/accounting activities to ensure internal check Vetting all payment requisitions to ensure regularity and adequate coverage by the budget. Examining and pre-auditing of cash and cheque payment orders for regularity and correctness in all matters, checking to ensure all revenue collection receipts (Form 15) issued are accounted for Keeping track of commitments through the vote book and the register of commitments including checking requisitions against the vote book before processing them for payment

<i>Officer</i>	<i>Roles and responsibilities of key staff in PFM</i>
	<ul style="list-style-type: none"> e. Collecting cheque books from the bank f. Safe custody of the chequebook g. Co-signatory on all cheques or payments issued by the LG h. Making regular checks to ensure that all financial records are correctly written and filed. i. Verifying the monthly bank reconciliation statement(s) j. Checking the treasury chest book k. Reviewing the monthly, quarterly and annual financial statements before submitting them to the Chief Administrator for further action l. Assisting external auditors during the annual audit m. Inducting any new employee hired or posted to station in all financial procedures. n. Mentoring and training existing employees when problems are consistently reoccurring and where a problem persists, requests the Chief Administrator to mediate. o. Preparing a detailed hand-over report in case of transfer, resignation or termination.
Accountant	<p>Reporting to the Head of Finance/Controller of Accounts, the Accountant will be responsible for:</p> <ul style="list-style-type: none"> a. Preparation of cash and cheque payment orders b. Preparation of the payroll c. Posting the general ledger d. Preparation of monthly, quarterly and annual financial statements e. Preparing a detailed hand-over report in case of transfer, resignation or termination.
The Book Keeper	<p>Reporting to the Accountant, the Book Keeper will be responsible for:</p> <ul style="list-style-type: none"> a. Posting the accountants register of receipts and register of payments b. Keeping the local rates (debtors'/revenue) register up to date c. Keeping the creditors register up to date d. Posting the Treasury Chest Book e. Preparing the monthly bank reconciliation statements f. Preparing a detailed hand-over report in case of transfer, resignation or termination.
The Cashier	<p>Reporting to the Accountant, the Cashier will be responsible for:</p> <ul style="list-style-type: none"> a. Receiving revenue collections from rate/revenue collectors and other payers b. Paying out cash against authorised payment orders c. Writing out pay cheques d. Issuing out cheques to payees and maintaining the list of cheques drawn e. Maintaining the register of cheques received f. Preparing a daily cash collection and payment summary report g. Banking the collections/receipts h. Preparing a detailed hand-over report in case of transfer, resignation or termination.

APPENDIX 2: BUDGET FORMS

Appendix 2.1: Budget Form 1: Revenue Budget Estimate Form

REVENUE BUDGET ESTIMATE FORM

1(a) LG Revenue by Source

Code	Description	Budget for FY 20__ (current year)	Outturn FY 20__ (to date current year)	Proposed Budget (SSP) for FY 20__ ¹	Approved Budget (SSP) for FY 20__ ²
1100	Government Funds – Current year appropriations				
xxxx	Donor project 1				
xxxx	Donor project 2				
	Total LG Budget for the year				

1(b) LG Revenue by Item

Revenue Code	Description	Budget for FY 20__ (current year)	Outturn FY 20__ (to date current year)	Proposed Budget (SSP) for FY 20__ ¹	Approved Budget (SSP) for FY 20__ ²
11	Taxes				
111	Taxes in income & profits				
112	Taxes on payroll & workforce				
113	Taxes on property				
114	Taxes on goods and services				
115	Taxes on international trade & transactions				
116	Other Taxes				
13	Grants				
131	Grants from foreign governments				
132	Transfers current from other government units				
133	Transfers capital				
134	Transfers other oil				
135	Grants from International Organizations				
14	Other revenue				
141	Property income				
142	Sales of goods and service				
143	Fines & penalties				
144	Sales of fixed assets				
145	Oil revenue				
146	Other revenue				
	Total Revenues	-	-	-	

1(c) LG Revenue by Department & Chapter

Code	Department	11 Taxes	13 Grants (Government)	13 Grants (Donor)	14 Other Revenue	Total
110	Administration					
120	Education					
130	Health					
140	Agriculture					
150	Public Works					
151	Water					
160	Social Development					
190	Legislative Council					
	Total LG Budget					

<p>I hereby submit the revenue estimates for the year ____.</p> <p>Name _____</p> <p>Title³ _____</p> <p>Signature _____</p> <p>Date _____</p>	<p><u>Notes</u></p> <p>1. To be completed by the planning officer or head of finance</p> <p>2. To be filled in after approval of the budget</p> <p>3. Planning officer or head of finance</p>
--	---

Appendix 2.2: Budget Form 2: Budget Ceilings

Budget Form 2a: Budget Ceilings

Code	Department	Budget for FY 20____ (current year)	Outturn FY 20____ (to date current year)	Budget Ceiling (SSP) for FY 20____	Justification for change in ceiling from previous year's budget
110	Administration				
120	Education				
130	Health				
140	Agriculture				
150	Public Works				
151	Water				
160	Social Development				
190	Legislative Council				
	TOTAL				

Budget Form 2b: Budget Ceilings by Funding Source (use if Local Government is receiving donor funds)

Code	Department	1100 Government Funds	21xx Donor Fund 1	21xx Donor Fund 2	Total
110	Administration				
120	Education				
130	Health				
140	Agriculture				
150	Public Works				
151	Water				
160	Social Development				
190	Legislative Council				
	Total LG Budget				

I hereby submit the proposed budget ceilings for the year _____.	
Name _____	Title _____
Signature _____	Date _____

Appendix 2.3: Budget Form 3: Budget Call Circular

Office of the Executive Director

XYZ County Council

BUDGET CALL CIRCULAR

To: All Heads of Departments

Cc: H.E. Mayor/Commissioner

Payam Administrators

Planning Officer

Head of Finance

From: Executive Director/Chief Executive Officer

Subject: Preparation of the Budget for 20xx-yy

Date:

Introduction

[Introduce the subject matter e.g. “I am wiring to provide instructions for the preparation of the 2014-14 budget requests for Sectors/ Departments, Payams and Bomas. The schedule for development of expenditure budgets should be adhered to so as to allow the County to complete its budget in time. The formats required will facilitate consistent submissions for budget discussions to the Executive Council for and enable the review and discussion process to focus on clearly defined critical needs of the County and its communities”]

Economic Outlook

[Comment on the state of the national and local economy, levels of personal income, state of inflation and cost increases and impact on the ability of the LG to raise its own revenue and other funding problems which the officers must put into consideration when making their budget proposals or requests]

Budget Process

A form (Budget Form 3 – Expenditure Budget Estimate) has been designed to collect information on the budget for the next year and is hereby attached. Please complete it in accordance with the following instructions:

1. Salaries and wages (explain if there are any salary/wage adjustments for the coming year)
2. Benefits (give rates for benefits such as medical allowances, etc.)
3. Operating expenses (explain how these should be budgeted for e.g. adding an inflation rate of say 2%)
4. Capital outlay (explain which capital projects should be budgeted for, as prioritised during the participatory planning process etc.
5. Department budget ceilings:

The following are the budget ceilings for the sectors for the coming year. Sector heads must ensure that budgets are to draw above these sector ceilings:

Budget Ceilings

Code	Department/Sector	Budget for FY 20__ (current year)	Outturn FY 20__ (to date current year)	Budget Ceiling (SSP) for FY 20__
110	Administration			
120	Education			
130	Health			
140	Agriculture			
150	Public Works			
151	Water			
160	Social Development			
190	Legislative Council			
	TOTAL			

Budget Ceilings by Funding Source

Code	Department	1100 Government Funds	21xx Donor Fund 1	21xx Donor Fund 2	Total
110	Administration				
120	Education				
130	Health				
140	Agriculture				
150	Public Works				
151	Water				
160	Social Development				
190	Legislative Council				
	TOTAL				

Calendar

(State when the budget consultation meetings will be held and what will be discussed in these meetings, and then the deadline on which the sectors and Payams/Block councils must submit their budgets, states date when final draft should be ready for submission to Legislative/Executive Council and when the approved budget is expected).

Note: This is just an example, the call circular may include several other issues and instructions as the planning officer may decide appropriately

Appendix 2.4: Budget Form 4: Department Budget Submission Form

DEPARTMENT BUDGET SUBMISSIONS FORM

Department /Section _____ Budget for Year _____

Source of Funds _____

Budget Estimates

Code	Description	Budget for FY 20____ (current year)	Outturn FY 20____ (to date current year)	Proposed Budget (SSP) for FY 20____	Approved Budget (SSP) for FY 20____
21	Wages & Salaries	0	0	0	
211	Wages and salaries				
212	Incentives and Overtime				
213	Pension contributions				
214	Social benefits				
22	Use of Goods and services	0	0	0	
221	Travel				
222	Staff training and other staff costs				
223	Contracted services				
224	Repairs and Maintenance				
225	Utilities and Communications				
226	Supplies, Tools and materials				
227	Other operating expenses				
23	Transfers	0	0	0	
236	Transfers to Service Delivery Units				
24	Other expenditure	0	0	0	
241	Interest				
242	Subsidies				
243	Grants and Loans to Businesses				
244	Social assistance benefits				
28	Capital Expenditure	0	0	0	
281	Infrastructure and land				
282	Vehicles				
283	Specialized Equipment				
	<u>Total Budget</u>	<u>0</u>	<u>0</u>	<u>0</u>	

Notes

1. This budget format should be prepared for each department of the LG, and for each source of funds (government and donor).
2. Not all the items above have to be used, select which items are applicable to the department, with , zero pounds allocated to those that are not applicable.

Detail of proposed capital projects:

BUDGET ITEM	Description	Location (Payam & Boma)	Source of funding	Budget (SSP)
	<i>Sub- total</i>			

Budget Narrative:

FY 2012-13 Budget Performance:

With the actual spending in FY 2012-13 set out above, the Department achieved the following:

-
-
-
-

FY 2013-14 Budget Plan:

With the proposed budget estimates for FY 2013-14 set out above, the Department plans to achieve the following:

-
-
-
-

Name of Head of Section/Sector _____ Title _____ Signature _____ Date _____	I hereby submit the estimates of the sector for the year _____. I understand that this submission does not constitute an approved budget for the sector.
--	--

1. To be completed by the head of the Department/section
2. To be filled in after approval of the budget

Appendix 2.5 Revenue Summary forms for the LG Budget

(a) LOCAL GOVERNMENT REVENUE SUMMARY BUDGET BY FUNDING SOURCE

Code	Description	Budget for FY 20__ (current year)	Outturn FY 20__ (to date current year)	Budget (SSP) for FY 20__
1100	Government Funds – Current year appropriations			
xxxx	Donor project 1			
xxxx	Donor project 2			
	Total LG Budget for the year			

Note: the Chart of Accounts will be re-issued each year by the Ministry of Finance & economic Planning with fund source codes for active donor projects. Please refer to the Chart of Accounts each year for the correct fund codes for donor projects.

(b) LOCAL GOVERNMENT REVENUE BUDGET BY ITEM

Revenue Code	Description	Budget for FY 20__ (current year)	Outturn FY 20__ (to date current year)	Budget (SSP) for FY 20__
11	Taxes			
111	Taxes in income & profits			
112	Taxes on payroll & workforce			
113	Taxes on property			
114	Taxes on goods and services			
115	Taxes on international trade & transactions			
116	Other Taxes			
13	Grants			
131	Grants from foreign governments			
132	Transfers current from other government units			
133	Transfers capital			
134	Transfers other oil			
135	Grants from International Organizations			
14	Other revenue			
141	Property income			
142	Sales of goods and service			
143	Fines & penalties			
144	Sales of fixed assets			
145	Oil revenue			
146	Other revenue			
	Total Revenues	-	-	-

(c): LOCAL GOVERNMENT REVENUE BUDGET BY DEPARTMENT & CHAPTER

Code	Department	11 Taxes	13 Grants (Government)	13 Grants (Donor)	14 Other Revenue	Total
110	Administration					
120	Education					
130	Health					
140	Agriculture					
150	Public Works					
151	Water					
160	Social Development					
190	Legislative Council					
	Total LG Budget					

Note: this table shows which agencies collect revenues, for local revenues, and which agency grants are ear-marked for grants. For example, the total of the block grant should be put against the Administration Department, and Education conditional transfers should be put against the Education Department.

Appendix 2.6 Expenditure Summary forms for the LG Budget

THE LOCAL GOVERNMENT EXPENDITURE BUDGET

(a) SUMMARY LG EXPENDITURE BUDGET BY DEPARTMENTS

Code	Department	Budget for FY 20__ (current year)	Outturn FY 20__ (to date current year)	Budget (SSP) for FY 20__
110	Administration			
120	Education			
130	Health			
140	Agriculture			
150	Public Works			
151	Water			
160	Social Development			
190	Legislative Council			
	TOTAL			

(b) SUMMARY LG EXPENDITURE BUDGET BY DEPARTMENT & CHAPTER

Code	Department	Wages and salaries	Use of Goods and services	Transfers	Other expenditure	Capital Expenditure	Total
110	Administration						0
120	Education						0
130	Health						0
140	Agriculture						0
150	Public Works						0
151	Water						0
160	Social Development						0
190	Legislative Council						0
	Total LG Budget	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

(c) SUMMARY LG 2013-14 EXPENDITURE BUDGET BY DEPARTMENT & FUND

Code	Department	1100 Government Funds	21xx Donor Fund 1	21xx Donor Fund 2	Total
110	Administration				
120	Education				
130	Health				
140	Agriculture				
150	Public Works				
151	Water				
160	Social Development				
190	Legislative Council				
	Total LG Budget				

(d) SUMMARY LG EXPENDITURE BUDGET BY EXPENDITURE ITEMS

Fund: all funds

Revenue Code	Description	Budget for FY 20__ (current year)	Outturn FY 20__ (to date current year)	Budget (SSP) for FY 20__
21	Wages & Salaries	0	0	0
211	Wages and salaries			
212	Incentives and Overtime			
213	Pension contributions			
214	Social benefits			
22	Use of Goods and services	0	0	0
221	Travel			
222	Staff training and other staff costs			
223	Contracted services			
224	Repairs and Maintenance			
225	Utilities and Communications			
226	Supplies, Tools and materials			
227	Other operating expenses			
23	Transfers	0	0	0
236	Transfers to Service Delivery Units			
24	Other expenditure	0	0	0
241	Interest			
242	Subsidies			
243	Grants and Loans to Businesses			
244	Social assistance benefits			
28	Capital Expenditure	0	0	0
281	Infrastructure and land			
282	Vehicles			
283	Specialized Equipment			
	Total Budget	0	0	0

(d) DETAILED CAPITAL BUDGET FORMAT BY LOCATION

Department	BUDGET ITEM	Description	Location (Payam & Boma)	Source of funding	Budget (SSP)
		GRAND TOTAL			

(e) FORMAT FOR OFF-BUDGET & DONOR-FUNDED PROJECTS

Sector	Description of project	Implementer	Location (Payam &Boma)	Source of funding/Donor	Budget

APPENDIX 3: RECEIPTS FORMS

Appendix 3.1: Demand Note

DEMAND NOTE/CERTIFICATE OF ASSESSMENT

DATE.....
 Assessment Number.....
 Period.....From.....To.....
 Name of Assesse.....
 Address of the Assesse.....
 Purpose.....
 Revenue Code.....

	Amount [SSP]
Arrears brought forward.....	
Amount Assessed/billed.....	
Adjustments made to Account.....	
Less: Paid.....	
Balance carried forward/due.....	
Signature of Rate Collector..... Date.....	
Official Stamp	
Signature of Revenue payer.....	
Note: The duplicate copy should be sent to the Collector, by the Assessor.	
Total	
Payment instructions.....	
.....	
*Delete as appropriate	=====

Appendix 3.2 Local Rates (Revenue) Register

THE LOCAL RATES (REVENUE) REGISTER

Arrears/ balance b/f	REVENUE DUE						REVENUE RECEIVED					Arrears/ balance C/F
	Date	Name of payer	Source/ details of revenue	Invoice amount or amount for F/Y	Interest/ penalty	Total amount due to date	Date received/ written off	Receipt Nos.	Amount received	Amount written off	Total received & written off	
SSP				SSP	SSP	SSP			SSP	SSP	SSP	SSP
1	2	3	4	5	6	(1+5+6)	8	9	10	11	(10+11)	(7-12)

Appendix 3.3: Register and number of forms book

REGISTER AND NUMBER OF FORMS BOOK

Name and Number of Forms book _____

Serial numbers of forms in each book, with distinctive letters From ----- To.....	Date of receipt, number & date of document	Date of issue	Name & Signature of person receiving the Form	Date of Return of Form	Name & Signature of Recipient of Returned Form

Appendix 3.4 Financial Form No 15

Republic of South Sudan

.....Local Government

FF #. 15

Serial Number _____

Received from _____ Taxpayer Identification Number _____

Chart of Account	Particulars	SSP	Piastres
Total			

Total in words _____

Name of collector _____ Signature of collector _____

Office _____ Office Stamp _____

Date issuing receipt _____

Appendix 3.5: Finance Form 67 Collector's Account

THE COLLECTOR'S ACCOUNT

S/No

Name of Collector _____ Office _____ Date _____ 20 _____

S/No of Consecutive Receipts	Name of payee (or alternatively) No of property in Rate Book	Revenue item codes														Total Collected			REMARKS [Arrears, period)	
		111	112	113	114	116	121	131	132	133	134	135	141	142	143	144	145	146		SSP
Signature of collector		I certify that the above entries agree with counterfoils of the collectors receipt book and are correctly entered on the form																		
		Name of Accountant _____ Signature of Accountant _____ Date _____																		

Note: This form has been compressed to fit to this page, see actual printed form issued by MoFEP

Appendix 3.6: Finance Form 39 – The Receivable Order

Form 39

RECEIPT No. 098900

REPUBLIC OF SOUTH SUDAN

Name of Receiving Treasury or Office:

.....

Received from:

.....

**The Sum of
(In Words)**

.....

On Accounts of:

.....

		SSP	PIASTERS

Name of accountant:

.....

Signature of accountant:

.....

Date:

Appendix 3.7: Finance Form 50 – Deposit Slip

**REPUBLIC OF SOUTH SUDAN
Ministry of Finance and Economic Planning**

FF 50

DEPOSIT SLIP

Cheques List Sent to CBoSS Branch

A/c..... Letters of credit

Directorate – State – Ministry

<u>Cheque No</u>	<u>Date of Cheque</u>	<u>Date of Receiving Cheque</u>	<u>Amount</u>		<u>Name of Payee</u>	<u>Payer's Bank</u>
			<u>SSP</u>	<u>Pt</u>		
<u>Total</u>						

Note: This form is to be completed in triplicate

Appendix 3.8: Finance Form 22 Register of Cheques Received

REGISTER OF CHEQUES RECEIVED

Name of Unit _____

State _____

Date Received	Name from whom Received (Drawer)	Address	Purpose	Cheque/ Draft N^o	Dated	Amount	County's Receipt N^o & date	Date cleared by bank	Comments
1	2	3	4	5	7	8	9		

Appendix 3.9: Cheques Returned Register

CHEQUES RETURNED REGISTER

Name of Unit _____

State _____

Cheque No	Cheque date	Amount	Bank at which the cheque is drawn	Name of drawer	Address of drawer	Type of service covered	Date cheque is returned	Measures taken to enforce payment	Comments
1	2	3	4	5	7	8	9		

Appendix 3.10: Finance Form A/C 19 Treasury Chest Book

Fin. Form A/C 19

REPUBLIC OF SOUTH SUDAN

RECEIPTS (Debit)

Treasury Chest Book

Date	Serial No.	Name of Payer and particulars	Receivable Order No.	Amount		Total of the day	
				SSP	PT.	SSP	PT.

N.B – The amount of the various kinds of specie making up the balance remaining in the Treasury at the end of each day are to be recorded in detail in Column headed “ Balance”

Fin. Form A/C 19 REPUBLIC OF SOUTH SUDAN

Payment (Credit)

Treasury Chest Book

Date	Serial No.	Name of the Payee and Particular	Payment Order No.	Amount		Total of the Day		Balance		
				SSP	P T	SSP	P T	Specification	Amount	
									SSP	PT

N.B – The amount of the various kinds of specie making up the balance remaining in the Treasury at the end of each day are to be recorded in detail in Column headed “ Balance”

Appendix 3.11: Finance Form 65 Accountant’s Register of Receipts

ACCOUNTANTS REGISTER OF RECEIPTS

Local Government _____ Month _____

Date	BUDGET RECEIPTS		Unallocated Receipts	Recoveries on behalf of <i>States & Counties</i> <i>Central Govt Units</i>	Receipts on Guarantee Account	Miscellaneous Receipts		Receipts to Ohad	Total	
	Receivable order No	Name of Payer				Particulars	Amount		Amount of Receivable Order	Month to Date
	Serial No									
	Cashier									
		111								
		112								
		113								
		114								
		116								
		121								
		131								
		132								
		133								
		134								
		135								
		141								
		142								
		143								
		144								
		145								
		146								

Note: This form has been compressed to fit to this page, see actual printed form issued by MoFEP

APPENDIX 4: PROCUREMENT FORMS

Appendix 4.1 Threshold Values for Procurement Methods

Thresholds for Use of Procurement Methods and Approval of Contracts (All figures in SSP)

	Type of contract	Contract Value (Threshold)	Procurement Method	Authority approving proposed contract award
1.	Goods	Less than 150,000	Request for Quotations	Procurement Committee
		150,000-1,000,000	NCT	Procurement Committee
		Over 1,000,000	ICT	MoFEP Procurement Committee
2.	Works	Less than 250,000	Request Quotations	Procurement Committee
		250,000-5,000,000	NCT	Procurement Committee
		Over 5,000,000	ICT	MoFEP Procurement Committee
3.	General Services	Less than 150,000	Request for Quotations	Procurement Committee
		150,000-1,000,000	NCT	Procurement Committee
		Over 1,000,000	ICT	MoFEP Procurement Committee
4.	Consultancy Services (Firms)	Less than 150,000	Quality and Cost Based Selection, Least Cost Selection, Fixed Budget, Comparison of Qualifications	Procurement Committee
		150,000-1,000,000	Quality and Cost Based Selection and Quality Based Selection	Procurement committee
		Over 1,000,000	Quality and Cost Based Selection and Quality Based Selection	MoFEP Procurement Committee
5.	Consultancy Services (Individual)	Less than 150,000	Comparison of Qualifications	Procurement Committee
		Over 150,000	Comparison of Qualifications	MoFEP Procurement Committee

NOTE: Direct Contracting/Single Source for Goods, Works and Services estimated above SSP 150,000 shall require approval of MoFEP Procurement Committee

Appendix 4.2: Procurement Plan

Description of goods, services, works ¹	Plan/Actual	Quantity	PROJECTED PURCHASE/ CONTRACT START DATES			TENDERING							Estimated value	SSP	Procurement method	Projected purchase/contract delivery or end date	Estimated duration of procurement action															
			Requisition	Pre-qualification, if any			Bid Doc Prepared	Proc. Committee Approval	Advert	Bid Open	Evaluation report submission	Proc. Committee approval/contract award						Date of contract sign.														
				Document	Invitation	Assessment																										
	Plan																															
	Actual																															
	Plan																															
	Actual																															
	Plan																															
	Actual																															
	Plan																															
	Actual																															
	<table border="0" style="width:100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Title/Role</td> <td style="width: 30%;">Name</td> <td style="width: 30%;">Signature</td> <td style="width: 10%;">Date</td> </tr> <tr> <td>Chief Administrator</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Planning officer</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Director of Finance/Accounts</td> <td></td> <td></td> <td></td> </tr> </table>											Title/Role	Name	Signature	Date	Chief Administrator				Planning officer				Director of Finance/Accounts				STAMP				
Title/Role	Name	Signature	Date																													
Chief Administrator																																
Planning officer																																
Director of Finance/Accounts																																

Appendix 4.3: Procurement Requisition Form

REQUISITION INSTRUCTIONS

COMPLETE ENTIRE FORM. DO NOT DELETE ANY PART.

Filling Out the Form

Date: Use current date.

LG Name: Insert your County, City, Municipal, Payam, Town Council, Block Council or Boma

Department/Sector Name: Insert your department's name or "N/A."

County/Municipal Name: Insert your County's name or "N/A."

Contact Person: Who the Procurement/Logistics Officer should call with questions on the procurement project.

Phone: Phone number of Department/Sector contact person.

E-mail: E-mail address of Department/Sector contact person.

Requisition Prepared By: Name of person completing the requisition form.

1. **Short project title:** Supply up to five words suitable for a solicitation title.
2. **For which financial year:** Financial year the payment will come out of.
3. **Are State/Central Govt. funds involved?** Tells the Procurement Unit whether to check on whether there are specific procurement requirements such as using the State to procure the item
4. **Suggested suppliers list attached?** Not required, but tells Procurement Unit if there are some suppliers you want to be sure to receive notification of the solicitation. You may use your own list and/or search for suppliers registered on the LG's Supplier List Provide current supplier contact information.
5. **Are specifications attached?** It tells the Procurement Unit whether you have attached specifications. Indicate whether more documents will be sent
6. **RFP/IFB/Limited Solicitation/Sole Source:** Note your preference for a solicitation method. If requesting a sole source purchase, be sure to attach the required justification.
7. **Are Donor Funds involved?** Tells the Procurement Unit whether to check if there are specific procurement requirement/conventions such as reciprocal preference of suppliers, applying the donor procurement procedures etc. that should be considered

Description: The specification details can be provided in the space available on the requisition form or attached in a separate document. **Note: An estimated amount must be included that corresponds to the "the total contract value."**

Authorized by: Fill in the name of the person authorizing the procurement

The Director/Chief Administrator's signature must be obtained prior to submitting any requisition. "Total contract value" means the entire potential monetary worth of a project from beginning to completion, including the initial contract period and any options to renew.

Comments: Use this area to give the Procurement Unit additional information, to include accounting data for internal use, etc.

REQUISITION	PROCUREMENT UNIT Administration Department XYZ County P. O. Box Phone
--------------------	--

INSTRUCTIONS: Complete Form fully and Forward to The Procurement Unit

Date: LG Name: Department/Sector Name: Contact Person: Phone: E-mail: Requisition Prepared By:	1. Short project title: 2. For which fiscal year: 3. Are State/Govt. involved? <input type="checkbox"/> Yes <input type="checkbox"/> No 4. Suggested Suppliers list attached? <input type="checkbox"/> Yes <input type="checkbox"/> No 5. Are Specifications attached? <input type="checkbox"/> Yes <input type="checkbox"/> No 6. RFP <input type="checkbox"/> IFB/ITT <input type="checkbox"/> Sole Source (justification attached) <input type="checkbox"/> 7. Are Donor/Specific Grant funds involved? <input type="checkbox"/> Yes <input type="checkbox"/> No
---	--

QTY	UNIT	DESCRIPTION	ESTIMATED UNIT PRICE	TOTAL

(Attach more pages if needed) CONTRACT VALUE	ESTIMATED INITIAL
---	--------------------------

I certify that the items or services specified in this requisition are absolutely necessary; that they are to be used for the benefit of the local council; that there are properly authorized and sufficient funds for this purchase; and that this purchase will not result in any request for additional funds from the Legislature.	
---	--

	Authorized by: Date:
--	-------------------------

COMMENTS:

Appendix 4.4 Model Documents for an Invitation for Bid (IFB)

This Appendix is a standard tender/solicitation document. The documents consist of a number of sections:

Section 1: Invitation to Tender (ITT)

Section 2: Instructions to Bidders to be to be customised for goods or works, with Appendices to be customised according to the type of procurement

Section 3: Specifications to be to be drafted by the Procurement Unit:

- Drawings & Technical Specifications for Works
- Technical Specifications for Goods
- Description of Non-Consulting Services

Section 4: Estimated Quantities for Works and Schedule of Requirements for Goods, to be customised according to the type of procurement

Section 5: Form of Bid

Section 6: Draft Contract to be customised according to the type of procurement

- Model Contract for Works
- Model contract for labour contracts
- Model Contract for Supply of Goods and Services (includes Model Local Purchase Order for simple Goods)

(For use by LG and Community)
Section 1: Invitation to Tender/Quote

Tender For:
Ref. No:
Name of County:
Name of Project:
Date:

1. The *[name of Local Government]* Local Government has allocated funds for implementing the *[Name of Project]* in the *[name of the payam/boma]*. It is intended that these funds will be applied to eligible payments under contracts to be given out by the subproject.

2. We hereby invite you/your firm to make a firm sealed offer for the following:
[choose from the following list the applicable type of procurement]
 - construction of *[for instance, village dam, or other civil works, as the case may be]*
 - supply of *[for instance, five spades; 200 neem trees, etc., listing the items and quantities of the goods needed]*
 - non-consulting services *[for instance, transportation of Goods, Installation and Commissioning of equipment, Repair of Equipment/ Vehicles etc.]*.

3. The specifications of the *[works, goods, or non-consultancy services-choose the applicable]* needed are attached to this invitation to bid.

4. You/your firm need to meet the following requirements to be eligible to tender:
[choose from the following list the applicable type of procurement]
 - for civil works contracts *[provide a list of similar works carried out earlier; have an annual turnover that is three times higher than the average contract value; have or be able to rent the equipment needed for the work;....]*;
 - for supply of goods *[provide proof that the firm has the required goods in stock or will be able to get them on a short notice; in the case of mechanical equipment such as vehicles, computers etc., provide evidence that the firm has the required service facilities within the region;....]*
 - for service assignments *[provide proof that the person(s) have suitable education and experience for the task]*

5. You/your firm may obtain further information from (Title of officer) at the following address: *[address and telephone number, if any]*.

7. The bids, with all the information requested in the Instructions to Bidders (attached), shall be delivered to (Name of office or officer) before *[date and time]*. Late entries cannot be considered.

Date:

Signatures: [*by Chief Administrator*]

Attachments:

1. Section 2: Instructions to Bidders
2. Section 3: Drawings/Specifications for the applicable Works, Goods, or Terms of Reference for Consultancies needed
3. Section 4: Estimated Quantities for Works and Schedule of Requirements for Goods
4. Section 5: Form of Bid
5. Section 6: Draft Contract

(For use by LG and Community)
Section 2: INSTRUCTIONS TO BIDDERS
(Civil Works/Goods/Non consultancy-Services¹⁹)

1. DESCRIPTION OF WORKS

1.1. The works to be executed under this contract include construction of _____ and _____
and are hereinafter referred to as "The Works".

1.1. *The goods to be supplied under this contract comprise the following;*
_____ and _____
and are hereinafter referred to as "The Goods".

2. COST OF BIDDING

2.1. The bidder shall bear all costs associated with the preparation and submission of his tender and the [County], hereinafter referred to as "The EMPLOYER OR PURCHASER or the PURCHASER," will in no case be responsible or liable for these costs, regardless of the conduct or outcome of the bidding process.

3. ELIGIBILITY AND QUALIFICATION REQUIREMENTS

3.1. This invitation to tender is open to all bidders that shall provide evidence satisfactory to the Employer or Purchaser of their (a) eligibility, and (b) qualifications, capability and the adequacy of their resources to carry out the contract effectively.

3.2.

[For works contract the following qualification information may be included]

- (a) total monetary value of construction works performed for each year of the last 3 years;*
- (b) List of similar works (similar to brief description of works described in Para 1 above) satisfactorily completed during the last five years*

(c) A CV of the Site Technician with three years of experience.

To qualify for award of the contract, the bidder:-

- (a) Should have executed <insert estimated value of works e.g. SSP 500,000 >value of works in any one of the last three years.*
- (b) should have satisfactorily completed as a prime contractor at least one similar work of value not less than <insert 80 % of the estimated value of works e.g., SSP 400,000 > in the last five years;*
- (c) A Site Technician with minimum three years of experience.]*

[For non-consultancy services include qualifications and experience of service provider required]

[For shopping of goods normally no qualification requirement need to be mentioned as the quotation should be invited only from the supplier/shops stocking/dealing with required goods]

4. SITE VISIT (Works Only)

4.1. The bidder is advised to visit and examine the site of works and its surroundings and obtain for himself on his own responsibility all information that may be necessary for preparing the tender and entering into a contract. The costs of visiting the site shall be at bidder's own expense.

¹⁹Customise for Works or Goods or Non-consultancy Services throughout the document.

5. CONTENT OF BIDDING DOCUMENTS

5.1 The set of tender documents issued for the purpose of tendering includes the following:

- (a) Instructions to Bidders
- (b) Conditions of Contract
- (c) Technical Specifications and Drawings
- (d) Estimated Quantities for Works or *List of Goods and Related Requirements or Description of Services*
- (e) Form of Bid
- (f) Draft Contract

5.2 The bidder is expected to examine carefully all instructions, conditions, forms, terms, specifications, and drawings in the tendering documents. Failure to comply with the requirements of tender submission will be at the bidder's own risk.

6. DOCUMENTS COMPRISING THE BID

6.1 The bid to be prepared by the bidder shall comprise the following:

- The Form of Bid and Appendix thereto;
- Estimated Quantities for Works or *List of Goods and Related Requirements or Description of Services*;
- Information on Eligibility;
- Qualification, capability and adequacy of resources; and
- Any other material required to be completed and submitted in accordance with the Instruction to Bidders embodied in these bidding documents.

7. BID PRICE

7.1 The contract price quoted by the bidder shall be denominated in South Sudan Pounds only and shall not be subject to adjustment on any account except as otherwise provided in the conditions of contract.

7.2 All duties, taxes and other levies payable by the contractor under the contract shall be included in the total price

8. BID VALIDITY

8.1 Bids shall remain valid and open for acceptance for a period of days after the date of tender opening prescribed in Clause 11.

9. SEALING AND MARKING OF BIDS

9.1 The bidder shall seal the original and each copy of the bid in separate envelope, duly marking the envelopes as "ORIGINAL" and "COPY" as appropriate, and forward both to the Employer or Purchaser.

9.2 The envelopes containing the original and the copy shall bear:

- (a) name and address of the Employer or Purchaser; and
- (b) the following identification
 - (i) Bid for _____
 - (ii) Ref No. _____
 - (iii) Name of the subproject
 - (iv) The words "DO NOT OPEN BEFORE _____ [date]"

10. DEADLINE FOR SUBMISSION OF BIDS

10.1 Bids must be received by the Employer or Purchaser at the address specified above no later than _____ [time and date]. Any bid received by the Employer or Purchaser after that will be returned unopened to the bidder.

11. BID OPENING AND EVALUATION

11.1 The Employer or Purchaser will open the bids, in the presence of all bidders or their duly authorised representative who choose to attend, at _____ [time and date] at the following location _____.

11.2 The name of the bidder and total amount of each bid, and of any alternative bids, if they have been requested or permitted as well as any discounts, should be read aloud and recorded when opened. The Bidder's representatives who are present shall sign a register indicating their attendance.

11.3 Preliminary Examination of Bids: Firstly, the Employer or Purchaser should ascertain during the preliminary examination of bids, whether the bids meet the eligibility requirements; have been properly signed; are substantially responsive to the bidding documents; have any material errors in computation; and are otherwise generally in order.

11.4 If a bid is not substantially responsive, i.e., it contains material deviations from or reservations to the terms, conditions and specifications in the bidding documents, it should not be considered further. The bidder should not be permitted to correct or withdraw material deviations or reservations once bids have been opened.

11.5 Detailed Evaluation and Comparison of Bids: Secondly, all bids determined to be substantially responsive shall be checked by the Employer or Purchaser for any arithmetic errors. Where there is a discrepancy between the amounts in figures and words, the amount in words will govern. Where there is a discrepancy between the unit rate and the line item total, derived from multiplying the unit rate by the quantity, the unit rate as quoted will govern. If a bidder refuses to accept the correction, his bid will be rejected.

12. AWARD OF CONTRACT

12.1 The Employer or Purchaser will award the contract to the bidder whose bid has been determined to be substantially responsive to the bidding documents as stated above, and who has offered the lowest Evaluated Bid Price, provided further that the bidder has the capability and resources to carry out the contract effectively.

12.2 Prior to the expiration of the period of the bid validity prescribed by the Employer or Purchaser, the Employer or Purchaser will notify the successful bidder in writing that his bid has been accepted. This "Letter of Acceptance" shall name the sum of which the Employer or Purchaser will pay to the contractor in consideration of the execution, completion and maintenance of the works by the contractor as prescribed by the contract (hereinafter and in the condition of contract called "The Contract Price"). At the same time, the Employer or Purchaser will also send the bidder the Form of Agreement provided in the bidding documents, incorporating all agreements between the parties.

12.3 Within 15 days of receipt of the Agreement Form, the successful bidder shall sign the form and return it to the Employer or Purchaser. Upon receipt of the signed Agreement Form, the Employer or Purchaser will promptly notify other bidders that their bids have been unsuccessful.

12.4 The Employer or Purchaser may reject all bids in cases where the lowest evaluated bid exceeds the cost estimates by a substantial amount. Rejection of all bids is also justified when bids are not substantially responsive or there is lack of effective competition. If all bids are rejected, the Employer or Purchaser should review the causes justifying the rejection and consider making either revisions to the specifications or modifications in the subproject or both before inviting new bids. All bids should not be rejected and new bids invited on the same specifications solely for the purpose of obtaining lower prices.

(For use by LG and Community)

Section 3:

**Drawings and Technical Specifications
{drawings and technical specifications to be inserted here for works}**

**Technical Specifications and Statement of Compliance
{This is to be completed for Goods}**

Item No.	Description/Specification	Statement of compliance (State 'comply' or 'not comply')*
Bidders must indicate in the space provided: make, model, year of manufacture and also “comply” or “not comply” as appropriate. For 'not comply' if any, all technical deviations must clearly be mentioned alongside the appropriate line in the specification.		

**Description of Services
{This is to be completed for Non-Consultancy services}**

(For use by LG and Community)
Section 4: FORM FOR ESTIMATED QUANTITIES
(BILL OF QUANTITIES) {This is applicable for works only}

Detailed Costs for Works:

Material	Quantity²⁰ required	Unit cost	Cost for the item	Costs to be met by community in kind	Costs to be met by contractor
Cement					
Wooden planks					
Nails					
Windows					
Door knobs					
Aluminium sheets					
Roofing tiles					
<i>Subtotal costs</i>	-	-	-		

Labour	No. of man days²¹	Cost per man day	Subtotal cost	Costs to be met by community in kind	Costs to be met by contractor
Skilled labour					
Unskilled labour					

Costs of material and labour:

Overhead costs:

Total costs:

Of which met by the community:

Contract costs: (Lump Sum)

²⁰ Employer or Purchaser should provide quantities before bids are issued to potential bidders.

²¹ Employer or Purchaser should provide quantities before bids are issued to potential bidders.

(For use by LG and Community)

Section 4: LIST OF GOODS AND RELATED REQUIREMENTS {This is applicable for Goods only}

<u>Name of Goods or Related Service</u>	<u>Brief Description</u>	<u>Quantity</u>	<u>Delivery Schedule (dd/mm/yy)</u>
---	------------------------------	-----------------	---

(For use by LG and Community)
Section 5: FORM OF BID

Re Invitation to Bid dated _____, 20__ in respect of the Sub-project _____

After having read the bidding documents relating to the above-mentioned works (*or goods*), and in particular the following four documents:

- Instructions to Bidders
- Draft Contract;
- Form of Estimated Quantities (Bill of Quantities) *or List of Goods and Related Requirements* or Description of Services and
- Specifications and Drawings;

on behalf of my company, I hereby

- Accept, without restrictions, all the provisions in the Bidding Documents;
- Submit a contract price bearing my signature and completed by me following the mode that was sent to me as below:
Quoted Price _____ -in
Words _____
- Agree to carry out the works or *supply the Goods or deliver the services* named below, following the provisions of the price list (*describe here the goods, works or services as applicable*)

I also confirm that the normal commercial warranty/ guarantee of _____ months shall apply to the offered goods. (*applicable in case of supply of some of the goods only*)

I confirm that the above offer is valid for ____ days.

I hereby certify that we have taken steps to ensure that no person acting for us or on our behalf will engage in fraudulent or corrupt practices.

Done in one original copy

at _____ on the _____ 20__

Signed by _____

The Tenderer

Name of the company _____

Address and telephone _____

Commerce register or Tax identification No. _____

(For use by Community only)
Section 6: MODEL CONTRACT FOR WORKS
(Lump-sum Contract)

B. Form of Contract

This Agreement is made between [*Name of State or County*] of the one part, represented herein by Mr./Mrs./Miss..... hereinafter called the Representative, and Mr./Mrs./Misson behalf of the contractor [*name of the contracting firm: Vide Company Authorisation No.....Dated.....*] of the other part. It has been agreed as follows:

C. Conditions of Contract

CLAUSE 1 - CONTRACT OBJECTIVES

This contract is for

Subproject.....

at.....

the village of

The works assigned to the contractor consist of :

[*a detailed explanation or reference to a description/design/list of quantities in an attachment*]

CLAUSE 2 - SUBCONTRACTING

No part of this works contract may be sub contracted except with the written approval of the employer.

CLAUSE 3 - CONTROL OF THE WORK EXECUTION

The execution of this contract is controlled by (*Name of Office or officer*).

In case of nonconformity to the norms or rules of the profession, the Chief Executive of the Local Government, upon a report of the person in charge of the Government's technicians, may bring to the attention of the contractor the breach of contract. An assessment will be made by the Government technicians.

The works poorly executed shall be repaired or improved by the contractor.

CLAUSE 4 - RESPONSIBILITY

The contractor is responsible during the execution of the work for the damages and accidents of any kind caused to a third party by the personnel and equipment of the contractor.

CLAUSE 5 - TIME LIMIT FOR THE WORK EXECUTION

The whole work should be completed withinmonths from the date of the signature of the contract.

CLAUSE 6 - LIQUIDATED DAMAGES

In the event that works specified in the contract are not completed on schedule, the contractor shall be subject to a penalty of 1/1000 of the price of the works ordered per calendar day of delay, except in the case of force majeure, that would need to be confirmed by a Government's technician appointed by the authorities of the [name of the Government financed project].

CLAUSE 7 - INTERIM RECEIPT

The interim receipt will be acknowledged in a report and issued upon completion of the works. A certificate of acceptance will be provided by the Chief Administrator of the Local Government Accounting Officer upon advice from the Procurement Committee of [name of the Local Government], which may first request an opinion from a Government-appointed technician.

CLAUSE 8 – RECTIFICATION OF DEFECTS:

The contractor shall be liable to rectify any defects identified by the Project Supervisor within a defect liability period of six months from the date of completion of the works.

CLAUSE 9 - FINAL RECEIPT

On the expiry of the defect liability period and upon successful fulfilment of any obligation by the contractor with respect to remedying the defect, the final receipt will be acknowledged in a report of the Accounting Officer upon advice from the Procurement of [name of the Local Government], who may seek the prior opinion of a Government technician appointed by the authorities responsible for the implementation of the [name of the Government/ADF financed project].

CLAUSE 10 – RETENTION

The retention amount, to be reimbursed when the final receipt has been issued, is set up at 10 percent of the total amount of this order/contract.

CLAUSE 11 - AMOUNT OF THE CONTRACT

The amount of the contract is [currency unit].

CLAUSE 12 - SCHEDULE OF PAYMENTS

The schedules of payments are:

1. First Stage at [define the first stage] [amount]
2. Second Stage at [define the second stage] [amount]
3. After Interim Receipt [amount]
4. After Final Receipt [amount]

CLAUSE 13 – FORM OF PAYMENT

The payment will be made in cash by the signatories of the [name of Local Government] or by check of the [name of bank] at [place].

CLAUSE 14

A copy of this contract will be addressed to the [*name of the committee that approved the financing of the Subproject*]

Done at ----- [place]

Date -----

Accounting Officer of the Local government

Witness:

Contractor:

Witness:

(To be used by LG only)

Section 6 Standard Contract for (i) Lump-Sum and (ii) Measurement type Works Contracts

This Agreement, made on the date **specified in the contract data** by and between name and address of Employer **stated in the contract data** hereinafter called “the Employer” and name and address of Contractor **stated in the contract data** hereinafter called “the Contractor” of the other part.

Whereas the Employer is desirous that the Contractor execute **name and identification number of Contract as stated in the contract data** hereinafter called “**the Works**” and the Employer has accepted the Quotation submitted by the Contractor for the execution and completion of such Works and the remedying of any defects therein.

Now this Agreement witnesseth as follows:

1. In this Agreement, words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract hereafter referred to, and they shall be deemed to form and be read and construed as part of this Agreement.
2. In consideration of the payments to be made by the Employer to the Contractor as hereinafter mentioned, the Contractor hereby covenants with the Employer to execute and complete the Works and remedy any defects therein in conformity in all respects with the provisions of the Contract.
3. The Employer hereby covenants to pay the Contractor in consideration of the execution and completion of the Works and the remedying of defects wherein the Contract Price or such other sum as may become payable under the provisions of the Contract at the times and in the manner prescribed by the Contract.

CONTRACT AGREEMENT

A. CONTRACT DATA

S. No	Description	Contract Data
1	Contract Number	
2	Contract Date	
3	Name and Address of the Employer	
4	Name and Address of the Contractor	
5	Description of Work	
6	Site Location	
7	Contract Price in Figure and Words	
8	Contractor’s Bank Account Details	
9	Required Completion Period and Date	

B. CONDITIONS OF CONTRACT (CC)

1. Definitions: Boldface type is used to identify the defined terms

(a) **Bill of Quantities** specifies Employer's estimate of quantity for each item of work and also the priced and completed Bill of Quantity (this may not be there for the Lump-sum contract and if there shall be only for information purpose and not for payment)

(b) **Activity Schedule**(to be provided for lump-sum contract e.g. schedule for foundation, reaching window level, roof, finishing stage etc.)

(c) **The Completion Date** Is the date of completion of the Works as certified by the Project Supervisor.

(d) **The Contract** is the Contract between the Employer and the Contractor to execute, complete, and maintain the Works as specified in the specifications or in other sections of the Contract. The name and identification number of the Contract is given in the Invitation to Quote.

(e) **The Contractor** is a person or corporate body whose Bid to carry out the Works has been accepted by the Employer.

(f) **The Contractor's Price Quotation** is the completed document (Invitation to Quote together with attachments) submitted by the Contractor to the Employer.

(g) **The Contract Price** is the price stated in the Letter of Acceptance and thereafter as adjusted in accordance with the provisions of the Contract.

(h) **Days** are calendar days; **months** are calendar months.

(i) **A Defect** is any part of the Works not completed in accordance with the Contract.

(j) **The Defects Liability Period** is 12 (twelve) months counted from the Completion Date.

(k) **Equipment** is the Contractor's machinery and vehicles brought temporarily to the Site to construct the Works.

(l) **Materials** are all supplies, including consumables, used by the Contractor for incorporation in the Works.

(m) **A Project Supervisor** is the person appointed by the Employer and who is responsible for supervising the execution of the Works and administering the Contract.

(n) **The Required Completion Period/Date** is the Period/date on which it is required that the Contractor shall complete the Works. The Required Completion period is **as per contract data**. The Required Completion Date may be revised only by the Employer by issuing an extension time or an acceleration order in writing.

(o) **Specification** means the Specification of the Works included in the Contract and any modification or addition made or approved by the Employer.

(p) **The Site is at as per contract data.**

(q) **The Start Date** is 10 days from issue of notification of award. It is the latest date when the Contractor shall commence the execution of the Works.

(r) **The Variation** is an instruction given by the Employer/Project Supervisor which varies the scope of the original Work requirements.

(s) The Employer is as per contract data.

2. **Language and Law.** The Contract shall be in the English. The law governing the Contract shall be the applicable law(s) of the Government of Republic of South Sudan.
3. **Communications.** Communications between parties that are referred to in these Conditions shall be effective only when made in writing. A notice shall be effective only when it is delivered.
4. **Contractor's Risks.** From the Starting Date until the Project Supervisor has issued a certificate for the correction of any Defects, the risks of personal injury, death, and loss or damage to property and adjacent property (including, without limitation, the Works, materials and equipment) are Contractor's risks.
5. **Works to be completed by the Completion Date.** The Contractor shall commence execution of the Works on the Start Date and shall carry out the Works in accordance with the work schedule submitted by the Contractor, as updated with the approval of the Project Supervisor, and complete them by the Required Completion Date.
6. **Safety.** The Contractor shall be responsible for the safety of all activities on the Site.
7. **Extension of the Completion Date.** The Project Supervisor shall extend the completion date if a Variation is issued which makes it impossible for Completion to be achieved by the Required Completion Date without the Contractor taking steps to accelerate the remaining work, which could cause the Contractor to incur additional cost.
8. **Delays Ordered by the Project Supervisor.** The Project Supervisor may instruct the Contractor to delay the start or progress of any activity within the Works. Delays or suspension of work by the Project Supervisor which increases the Contractor's costs shall be subject to equitable adjustments by the Employer.
9. **Defects.** The Project Supervisor shall give notice to the Contractor of any Defects before the end of the Defects Liability Period, which begins at Completion. The Defects Liability Period shall be extended for as long as Defects remain uncorrected. Every time notice of a Defect is given, the Contractor shall correct the notified Defect within the length of time specified by the Project Supervisor's notice. If the Contractor has not corrected a Defect within the time specified by the Project Supervisor's notice, the Project Supervisor will assess the cost of having the Defect corrected, and the Contractor will pay this amount, or the Employer shall recover these amounts by deduction from the amounts due to the Contractor.
10. **Program.** Within seven (7) days of the written notification of award, the Contractor shall submit to the Project Supervisor for approval a Program showing the general methods, arrangements, order, and timing for all activities of the Works. The Project Supervisor's approval of the Program shall not alter the Contractor's obligations. The Contractor may revise the Program and submit it to the Project Supervisor again at any time. A revised Program will show the effect of Variations.
11. **Bill of Quantities:** The Bill of Quantities shall contain items for the construction, installation, testing, and commissioning work to be done by the Contractor.

The Bill of Quantities is used to calculate the Contract Price. The Contractor is paid for the quantity of the work done at the rate in the Bill of Quantities for each item. *(Not applicable for Lump sum contracts)*

Items for which no rate or price is entered by the Bidder in the bill of quantities shall not be paid for by the Employer when executed and shall be deemed covered by the other rates and prices in the Bill of Quantities. . *(Not applicable for Lump sum contracts)*

Changes in the Quantities (not applicable for lump-sum contract)

- 11.1 If the final quantity of the work done differs from the quantity in the Bill of Quantities for the particular item by more than 25 percent, provided the change exceeds 1 percent of the Initial Contract Price, the Project Supervisor shall adjust the rate to allow for the change.
- 11.2 The Project Supervisor shall not adjust rates from changes in quantities if thereby the Initial Contract Price is exceeded by more than 15 percent, except with the prior approval of the Employer.
- 11.3 If requested by the Project Supervisor, the Contractor shall provide the Project Supervisor with a detailed cost breakdown of any rate in the Bill of Quantities.
12. **Variations:** All Variations shall be included in updated Programs produced by the Contractor. (In case of lump-sum contract variations may be there only for some additional work not covered within the scope of work of the contract)

Payments for Variations (In case of lump-sum contract only for variations for some additional work not covered within the scope of work of the contract)

- 12.1 The Contractor shall provide the Project Supervisor with a quotation for carrying out the Variation when requested to do so by the Project Supervisor. The Project Supervisor shall assess the quotation, which shall be given within seven days of the request or within any longer period stated by the Project Supervisor and before the Variation is ordered.
- 12.2 If the work in the Variation corresponds with an item description in the Bill of Quantities and if, in the opinion of the Project Supervisor, the quantity of work above the limit stated in Sub-Clause 11.1 or the timing of its execution do not cause the cost per unit of quantity to change, the rate in the Bill of Quantities shall be used to calculate the value of the Variation. If the cost per unit of quantity changes, or if the nature or timing of the work in the Variation does not correspond with items in the Bill of Quantities, the quotation by the Contractor shall be in the form of new rates for the relevant items of work.
- 12.3 If the Contractor's quotation is unreasonable, the Project Supervisor may order the Variation and make a change to the Contract Price, which shall be based on the Project Supervisor's own forecast of the effects of the Variation on the Contractor's costs.
- 12.4 The Contractor shall not be entitled to additional payment for costs that could have been avoided by giving early warning
13. **Payment Certificate.**

The Contractor shall submit to the Project Supervisor monthly statements of the estimated value of the work executed less the cumulative amount certified previously. The Project Supervisor shall check the Contractor's monthly statement and certify the amount to be paid to the Contractor. The value of work executed shall be determined by the Project Supervisor. The value of work executed shall comprise the value of the quantities of the items in the Bill of Quantities completed. The value of work executed shall include the valuation of Variations. The Project Supervisor may exclude any item certified in a previous certificate or reduce the proportion of any item previously certified in any certificate in the light of later information. (In case of lump-sum contract the certificate shall be issued based on the activity schedule provided under clause 1(b) above)

14. **Payments.** Payments shall be adjusted for deductions on account of retention money and any taxes to be deducted. The Employer shall pay the Contractor the amounts certified by the Project Supervisor within forty (40) days of the date of each certificate. If the Employer delays the payment the Contractor shall be entitled to be paid interest on the late payment in the next payment. Interest shall be calculated from the date by which the payment should have been made, up to the date when the late payment is made, at the rate of interest prevailing at the local banks for construction loans. Items of the Works for which no rate or price has been entered in will not be paid for by the Employer and shall be deemed covered by other rates and prices in the Contract.. *(In case of lump-sum contract the a payment schedule should be provided in line with activity schedule provided under clause 1(b) above)*

15. Retention

15.1 The Employer shall retain 10 (ten) % from each payment due to the Contractor until Completion of the whole of the Works.

15.2 On completion of the whole of the Works, half the total amount retained shall be repaid to the Contractor and half when the Defects Liability Period has passed and the Project Supervisor has certified that all Defects notified by the Project Supervisor to the Contractor before the end of this period have been corrected.

15.3 On completion of the whole Works, the Contractor may substitute retention money with an “on demand” Bank guarantee.

16. Liquidated Damages

16.1 The Contractor shall pay liquidated damages to the Employer at the rate of 0.1 % of total final Contract Price per day for each day that the Completion Date is later than the Intended Completion Date. The total amount of liquidated damages shall not exceed 10 % of the final contract price. The Employer may deduct liquidated damages from payments due to the Contractor. Payment of liquidated damages shall not affect the Contractor’s liabilities.

17. Performance Security:

17.1 The Contractor shall provide to the Employer a Performance Security equal to five (5) % of the Contract Price within 14 days from the date of this Agreement in the form of a bank draft acceptable to the Employer. In the event of the Contractor not furnishing the Performance Security, the Employer shall retain equivalent amount from the 1st payment and from subsequent payments if first payment is not sufficient to be paid to the contractor as the Performance Security.

17.2 The Performance Security shall be released to the Contractor on completion of the work along with the final payment. In the event of termination of the contract for fundamental breach of contract, the Performance Security shall be forfeited.

18. **Taxes.** The Contractor is responsible for all taxes in accordance with the laws of the Government .

19. **Advance Payment.** Not Applicable

20. **Completion and Taking Over.** The Contractor shall request the Project Supervisor to issue a certificate of completion of the Works, and the Project Supervisor will issue such a certificate when he determines that the work is satisfactorily completed. The Employer shall take possession of the site within seven (7) days of the Project Supervisor’s issuing a certificate of completion of the Works.

21. **Final Account.** The Contractor shall supply the Project Supervisor with a detailed account of the total amount that the Contractor considers payable under the Contract before the end of the Defects Liability Period. The Project Supervisor shall issue a Defects Liability Certificate after the Contractor has fulfilled its obligations under the Contract to this end and certify any final payment

that is due to the Contractor within fifteen (15) days of receiving the Contractor's account if it is correct and complete. If it is not, the Project Supervisor shall issue within fifteen (15) days a schedule that states the scope of the corrections or changes that are necessary. If the Final Account is still unsatisfactory after it has been resubmitted, the Project Supervisor shall decide on the amount payable to the Contractor and issue a payment certificate.

22. **Termination.** The Employer or the Contractor may terminate the Contract if the either party causes a fundamental breach of the Contract. Fundamental breaches of Contract shall include, but shall not be limited to, the following:

(a) The Contractor stops work for ten (10) days when the stoppage has not been authorized by the Project Supervisor;

(b) a payment certified by the Project Supervisor is not paid by the Employer to the Contractor within sixty (60) days of the date of the Project Supervisor's certificate;

(c) the Project Supervisor gives notice that the Contractor has failed to correct a Defect within twenty one (21) days as determined by the Project Supervisor; and

(d) the Contractor has delayed the completion of the Works by thirty (30) days.

Notwithstanding the above, the Employer may terminate the Contract for its convenience by giving the Contractor a thirty day notice in writing. If the Contract is terminated, the Contractor shall stop work immediately, make the Site safe and secure, and leave the Site within fifteen (15) days of the completion of the notice period.

23. **Force Majeure:** Either party may terminate the Contract by giving a thirty (30) days notice to the other for events beyond that party's control, such as Wars and acts of God such as earthquakes, floods, fires, etc.

24. **Payment upon Termination.** If the Contract is terminated because of a fundamental breach of Contract by the Contractor, the Project Supervisor shall issue a certificate for the value of the work completed and for the materials already ordered/received **LESS** the advance payments (if any) received up to the date of the issue of the certificate. If the total amount due to the Employer exceeds any payment due to the Contractor, the difference shall be a debt payable by the Contractor to the Employer.

25. **Property.** All materials and construction equipment on the Site, temporary works, and Works shall be deemed to be the property of the Employer if the Contract is terminated because of the Contractor's default.

26. **Resolution of Disputes.** The Employer and the Contractor shall make every effort to resolve amicably by direct negotiations any disagreement or dispute arising between them under or in connection with the Contract. In case of further disagreement either party can take the matter to arbitration. The Arbitrator will be nominated by the Minister, responsible for execution of the contract. The place where arbitration will take place will be Kabul, South Sudan.

The Priced Bill of Quantities (Annexure 1) and Specification and Drawings (Annexure 2) are attached.

In Witness where the parties thereto have caused this agreement to be executed the days and year first before written:

Signed, sealed and delivered by the said:

Binding Signature of the Employer:

Name:

Date:

Designation:

Organization:

Binding Signature of the Contractor:

Date:

Name:

Name of the Firm:

Annexure 1

Priced Bill of Quantities

Annexure 2

Specifications and Drawings

(For use by LG and Community)
Section 6: MODEL CONTRACT FOR SUPPLY OF GOODS/SERVICES
/PURCHASE ORDER FOR GOODS/SERVICES

[Name of Employer]

[Address]

To: [Name of the Director and firm which has won the supply contract]

Address: [Address of the firm]

Subject: Supply and Installation of [equipment, material, etc.]

[Name of Local Government] would like to place an order for the supply and installation [delete if not needed] of, in conformity with your proforma invoice No. of....., attached, specifying the prices of the goods or services for whose procurement you successfully completed.

Conditions of Contract

CLAUSE 1 - SUBSTANCE OF GOODS/SERVICES

[List of goods with quantities/description of services requested,]

CLAUSE 2 - AMOUNT OF THE CONTRACT

The amount of the order is fixed at [currency units] and is not subject to revision.

CLAUSE 3 - TIME LIMIT AND PLACE OF DELIVERY

The time limit for the delivery of goods is set for(days, weeks or months) from the date of the signing of this contract. . The goods or services will be delivered at [destination].

CLAUSE 4 - INTERIM RECEIPT

An interim receipt will be issued upon delivery of all the goods or services. The receipt will be acknowledged as the interim receipt report.

CLAUSE 5 - TIME LIMIT FOR THE WARRANTY AND AFTER-SALES SERVICE

The deadline for the warranty period, if any required, is set for months from the date of the interim receipt. During the warranty period, excluding the current maintenance, all the repairs resulting from faulty equipment will be at the supplier's expenses, including the supply of replacement parts and the overhead costs.

The supplier is to guarantee an after-sales service to ensure the maintenance service as well as the fast and regular supply of spare parts.

CLAUSE 6 - ACCEPTANCE RECEIPT

The final receipt will be issued after acceptance of the delivered goods or services.: If installation of the goods is required, the acceptance receipt will only be issued after installation of the equipment is completed.

CLAUSE 7 – RETENTION TO COVER WARRNTY

A retention amount of 10% of the contract amount shall be with-hold to cover warranty obligation, if any required. The retention money may be substituted by a Bank Guarantee provided by the supplier for the equal amount. The retention money or the Bank Guarantee shall be returned to the supplier after successful completion of the guarantee period..

CLAUSE 8 - DAMAGES

In case of delay within the period specified in the contract, the supplier is subject to a penalty of 1/1000 of the price of the goods ordered per calendar day of delay. However, the ceiling of these penalties is 10 percent of the total amount of the order.

In case the 10 percent ceiling is exceeded, the administration reserves the right to terminate this order/contract.

CLAUSE 9 - SCHEDULE OF PAYMENT

The amounts which are due will be paid in the following manner:

_____% of the amount of the invoice upon issuance of the interim receipt. (*normally it should be about 90% if no installation and commissioning is involved. In case of installation and commissioning requirement the percentage should be lower based on the amount of work involved for installation and commissioning.*)

10% of the amount of the invoice upon issuance of the acceptance receipt.

Total: _____ 100% [Total should always be 100% of the amount of the contract.]

CLAUSE 10 - FORM OF PAYMENT

The payment will be made by cheque of the [*name of bank*] at [*place*].

CLAUSE 11. APPROVAL OF THE ORDER/CONTRACT

This contract will be effective only after it has been signed by the supplier.

Place ----- Date:
.....

Signed: -----
[*Chief Administrator of the Local Government*]

Read and accepted:

For the Supplier

Place: Date:

Signature(s):

(Representing the supplier)

Printed name(s)

(For use for LG and Community)

Section 6 Standard Labour Contract

1. THIS AGREEMENT made the day of(month), 20(year) BETWEEN the.....(LG or Project Community) of (address)

(Hereinafter called the "Employer") on the one part,

and..... (Name of Contractor) of (address).

(Hereinafter called the "Contractor") of the other part, WHEREAS the Employer wishes to have carried out the following Works, viz.:

.....

and has accepted a Tender by the Contractor for the construction and completion of such Works and remedying of any defects therein in the sum of SSP..... (and in words)

which shall constitute the Contract Price.

- 2. The contractor has been briefed regarding the quality of work required and shall execute the works in accordance with drawings and specifications attached to this contract
3. The contractor agrees to complete the work within a period to be agreed with the LG or community from time to time, which shall not exceed..... months
4. The Community OR Local Government agrees to supply materials on time as per contractor's written request.
5. Payment shall be paid in accordance with the following schedules:

Table with 3 columns: Stage of completion, % of contract, Amount in SSP. Rows 1-4.

5

Total 100% SSP

- 6. The LG or Community shall send their own staff to inspect the works and upon written recommendations to the committee by the staff, the contractor may be requested to repair or improve on any or all parts of the work.
- 7. 10% of the total contract amount shall be retained for six months after the successful completion of the labour contract. Such retention shall be paid to the contractor after certification by the LG or community Technical Staff
- 8. A work progress certificate will be issued by the LG or community before any payment is made.
- 9. The contract will be terminated when the contractor fails to complete the work to satisfactory workmanship or on agreement of both parties.
- 10. We the undersigned parties to this contract have read and understood all the above terms of this agreement and we agree that it shall be effective from(date)

Place and date : _____

Signed : _____ - (signatory of LG/community group)

Read and accepted

For the Contractor

Place and date : _____

Signature: _____

(Title of Contractor's Representative)

(Print name)

(For use by LG and Community)
**MODEL CONTRACT FOR CONSULTANCY SERVICES of Individual
Consultant**
Lump Sum Contract

CONTRACT FOR CONSULTING SERVICES

THIS CONTRACT ("Contract") is entered into this *[insert starting date of assignment]*, by and between *[insert name of Client]* ("the Client") having its principal place of business at *[insert address of Client]*, and *[insert name of Consultant]* ("the Consultant") having its principal office located at *[insert address of Consultant]*.

WHEREAS, the Client wishes the Consultant perform the services hereinafter referred to, and

WHEREAS, the Consultant is willing to perform these services,

NOW THEREFORE THE PARTIES hereby agree as follows:

- 1. Services**
- (i) The Consultant shall perform the services specified in Annex A, "Terms of Reference and Scope of Services," which is made an integral part of this Contract ("the Services").
 - (ii) The Consultant shall submit to the Client the reports in the form and within the time periods specified in Annex B, "Consultant's Reporting Obligations."

- 2. Term**
- The Consultant shall perform the Services during the period commencing *[insert starting date]* and continuing through *[insert completion date]*, or any other period as may be subsequently agreed by the parties in writing.

- 3. Payment**
- A. Ceiling

For Services rendered pursuant to Annex A, the Client shall pay the Consultant an amount not to exceed *[insert amount]*. This amount has been established based on the understanding that it includes all of the Consultant's costs and profits as well as any tax obligation that may be imposed on the Consultant.

- B. Schedule of Payments

The schedule of payments is specified below:¹

[insert amount and currency] upon the Client's receipt of a copy of this Contract signed by the Consultant;

[insert amount and currency] upon the Client's receipt of the draft report, acceptable to the Client; and

¹ Modify, in order to reflect the output required, as described in Annex B.

[insert amount and currency] upon the Client's receipt of the final report, acceptable to the Client.

[insert amount and currency] Total

C. Payment Conditions

Payment shall be made in *[specify currency]*, no later than 45 days following submission by the Consultant of invoices in duplicate to the Coordinator designated in paragraph 4.

4. Project Administration

A. Coordinator.

The Client designates Mr. *[insert name]* as the Client's Coordinator; the Coordinator will be responsible for the coordination of activities under this Contract, for acceptance and approval of the reports and of other deliverables by the Client and for receiving and approving invoices for the payment

B. Reports.

The reports listed in Annex C, "Consultant's Reporting Obligations," shall be submitted in the course of the assignment, and will constitute the basis for the payments to be made under paragraph 3.

5. Performance Standards

The Consultant undertakes to perform the Services with the highest standards of professional and ethical competence and integrity. The Consultant shall promptly replace any employees assigned under this Contract that the Client considers unsatisfactory.

6. Confidentiality

The Consultants shall not, during the term of this Contract and within two years after its expiration, disclose any proprietary or confidential information relating to the Services, this Contract or the Client's business or operations without the prior written consent of the Client.

7. Ownership of Material

Any studies, reports or other material, graphic, software or otherwise, prepared by the Consultant for the Client under the Contract shall belong to and remain the property of the Client. The Consultant may retain a copy of such documents and software.²

8. Consultant Not to be Engaged in Certain Activities

The Consultant agrees that, during the term of this Contract and after its termination, the Consultant and any entity affiliated with the Consultant, shall be disqualified from providing goods, works or services (other than the Services and any continuation thereof) for any project resulting from or closely related to the Services.

9. Insurance

The Consultant will be responsible for taking out any appropriate

insurance coverage.

- 10. Assignment** The Consultant shall not assign this Contract or sub-contract any portion of it without the Client's prior written consent.
- 11. Law Governing Contract and Language** The Contract shall be governed by the laws of the Republic of South Sudan, and the language of the Contract shall be English.
- 12. Resolution of Disputes** Any dispute arising out of the Contract, which cannot be amicably settled between the parties, shall be referred to adjudication/arbitration in accordance with the laws of the Republic of South Sudan.

FOR THE CLIENT

FOR THE CONSULTANT

Signed by _____

Signed by _____

Title: _____

Title: _____

LIST OF ANNEXES

Annex A: Terms of Reference and Scope of Services

Annex B: Consultant's Reporting Obligations

Appendix 4.5: Record of Tender Opening

Record of Tender Opening

Dead line for Tender submission : _____

Project Title:- _____ Contract No:

Sr. No.	Name of Tenderer	Tender security Amount required		Outer envelope sealed?	Tender submission Form submitted ?	Withdrawals/modifications (if any)	Tender Price Offered	Discounts (if any)	Remarks if any	Signature of bidder's representative, if available
		Amount	with validity up to							
1		Amount								
		Validity								
		Bank								
		Original								
2		Amount								
		Validity								
		Bank								
		Original								
3		Amount								
		Validity								
		Bank								
		Original								

Signature of Bid Opening Committee Members

Appendix 4.6: Minutes of Tender Opening

MINUTES OF TENDER OPENING

Time and place of tender opening

LG staff/representative present

Tenderers representatives present *(if any, please annex attendance sheet signed by those present)*

Number of tenders received (List them)

Tenders received late (List them)

Tenders withdrawn/modified (List them)

Tender details for each tender as opened (Appendix 4.5 Record of Tender Opening to be enclosed):

Comments from the floor

Statement to all tenderers representatives that tender evaluation process is confidential and attempts by any tenderer or its agents to influence the process of evaluating/assessment of the tenders and the award decision, including the giving of bribes, gifts or other inducements, shall result into the disqualification of the tenderer and forfeiture of its tender security. All contact with tenderers shall be for clarifications purposes and will be initiated by the LG in writing.

Appendix 4.7 Procurement Evaluation Report Form

PROCUREMENT EVALUATION REPORT

Table 1. General Information

<p>1.1 Name of Local Government</p> <p>(a) name</p> <p>(b) address</p>	<hr/> <hr/>
<p>1.2 Contract number (identification)</p>	<hr/>
<p>1.3 Contract description</p>	<hr/>
<p>1.4 Cost estimate in Procurement Plan</p>	<hr/>
<p>1.5 Method of procurement used</p>	<hr/>
<p>2.1 Advertisement</p> <p>(a) name of paper or any other mode of advertisement</p> <p>(b) issue date</p>	<hr/> <hr/> <hr/>
<p>2.2 Number of firms issued documents</p>	<hr/>
<p>2.3 Amendments to documents, if any</p> <p>(a) list all issue dates</p>	<p>1. _____</p> <p>2. _____</p> <p>3. _____</p>

2.4 Date of pre-bid conference, if any	_____
3.1 Bid submission deadline (a) original date, time (b) extensions, if any	_____ _____
3.2 Bid opening date, time	_____
3.3 Number of bids submitted	_____
3.5 Bid validity period (days or weeks) (a) originally specified (b) extensions, if any	_____ _____ _____

Table 2. Bid Prices (as Read Out)

Bidder Identification			Read-out Bid Price(s)		Modifications or Comments ¹
Name <i>(a)</i>	City/State <i>(b)</i>	Country <i>(c)</i>	Currency(ies) <i>(d)</i>	Amount(s) <i>(e)</i>	

¹ Describe any modifications to the read-out bid, such as discounts offered, withdrawals, and alternative bids. Note also the absence of any required bid security or other critical items. .

Table 3. Preliminary Examination

Bidder	Verification	Eligibility	Bid Security	Completeness of Bid	Compliance to commercial and technical requirements	Acceptance for Detailed Examination
<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(d)</i>	<i>(e)</i>	<i>(f)</i>	<i>(g)</i>

Table 4. Corrections and Unconditional Discounts

Bidder	Read-out Bid Price(s)		Corrections		Corrected Bid Price(s)	Unconditional Discounts ²		Corrected/Discounted Bid Price(s)
	Currency(ies)	Amount(s)	Computational Errors ¹	Provisional Sums		Percent	Amount(s)	
<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	<i>(d)</i>	<i>(e)</i>	$(f) = (c) + (d) - (e)$	<i>(g)</i>	<i>(h)</i>	$(i) = (f) - (h)$

Note: Only bids accepted for preliminary examination (Table 5, column *g*) should be included in this and subsequent tables. Columns *a*, *b*, and *c* are from Table 4 (columns *a*, *d*, and *e*, respectively).

¹ Corrections in column *d* may be positive or negative.

² If the discount is offered as a percent, column *h* is normally the product of the amounts in columns *f* and *g*. If the discount is provided as an amount, it is entered directly in column *h*. A price increase is a negative discount.

Table 5. Currency Conversion

Specify Evaluation Currency, Exchange Rate used, Date and Source of Exchange Rate: _____

Bidder <i>(a)</i>	Currency(ies) of Bid <i>(b)</i>	Corrected/Discounted Bid Price(s) <i>(c)</i>	Applicable Exchange Rate(s) ¹ <i>(d)</i>	Evaluation Currency	
				Bid Price(s) <i>(e) = (c) x (d)</i>	Total Bid Price ² Rank <i>(f)</i>

Note: Columns *a*, *b* and *c* are from Table 6, columns *a*, *b* and *i*.

¹ Column *d* is from Table 7.

² Column *f* is the sum of bid prices in column *e* for each bidder.

Table 6: Post Qualification Assessment

Post-qualification assessment ; This should be done for one tenderer at a time starting from the lowest priced responsive tender. The 2nd ranked is assessed only when the 1st fails the post qualification requirements Factors to be considered for assessment generally include:

1. Previous performance of similar contracts
2. Financial Capability
3. Personnel (technical and others) (in case of works)
4. Equipment (in case of works)

Table 7 Proposed Contract Award

<p>1. Lowest evaluated responsive bidder (proposed for contract award).</p> <p>(a) name</p> <p>(b) address</p>	<hr/> <hr/>	
<p>2. Estimated delivery to site/completion period.</p>	<hr/>	
	<p>Currency(ies)</p>	<p>Amount(s)</p>
<p>3. Bid Price(s) (Read-out)</p>		
<p>4. Corrections for Errors</p>		
<p>5. Discounts</p>		
<p>6. Proposed Award</p>		

Appendix 4.8: Tender Award

XYZ COUNTY COUNCIL

P. O. Box _____

Tel. _____

(This shall be issued by Chief Administrator)

NOTICE OF AWARD

[Insert name and address of Co.]

Dear Sirs,

We are happy to notify you that your bid dated _____ for the procurement of **[insert name of tender e.g. ASSORTED PLUMBING MATERIALS FOR BOMA WATER SUPPLY SYSTEM]** in [Name of Boma] Boma for [Name of County] County Council for the total bid/contract price of **SOUTH SUDAN POUNDS [INSERT PRICE IN WORDS AND FIGURES E.G. ONE HUNDRED SIXTY FOUR THOUSAND (SSP164, 000)]** as corrected and modified in accordance with the Instructions to Bidders is hereby accepted.

You are hereby requested to indicate to us within ten (10) days your acceptance of the offer and to furnish a performance security, if any required, in the form and amount stipulated in the Instructions to Bidders. Failure to provide the performance security shall constitute sufficient ground for cancellation of the award and forfeiture of the bid security

Yours truly,

Executive Director

Appendix 4.9 Local Purchase Order

(This LPO shall be issued for purchase of very simple goods by LG and Community Procurement for values below SSP 5,000)

XXXX COUNCIL LOCAL PURCHASE ORDER				
[LG NAME]				
Date: LPO..... No..... Requisition Ref..... No.....				
From: Department		To: [Enter Supplier] Address: P. O. Box _____		
Please supply goods or services as detailed below. The delivery should be completed with ----- days the date above				
Description of Goods/Services	Unit of measure e.g. Litres, kg.	Quantity	Rate per unit SSP	Value SSP
Budget item to charge	I certify that these goods/services are ordered in accordance with the Public Procurement Law and that funds are available per authority quoted:			
Authority Approved by Tender Committee (if applicable, quote reference)	Verified by Director Account..... Date..... Stamp		Approved by: Chief Administrator..... Stamp	

**Appendix 4.10 Standard Quotation Forms for Shopping
for simple Goods & Services under Community& LG up to amount of SSP 5,000**

(In letterhead of the supplier with stamp/seal if available)

To:

Date _____

Sr. No	Description of Item	Unit Quoted	Rate Quoted in SSP	Numbers Quoted	Total Price	Delivery within days

Gross Total cost: SSP. _____

We agree to supply the above goods in accordance with the technical specifications for a total contract price of SSP. _____ *(Amount in figures) (South Sudanese Pounds* _____ *amount in words)* as per the delivery schedule given in Quotation above.

We also confirm that the normal commercial warranty/ guarantee of _____ months shall apply to the offered goods.

We confirm that the above offer is valid for ---- days.

We hereby certify that we have taken steps to ensure that no person acting for us or on our behalf will engage in fraudulent or corrupt practices.

Signature of Supplier _____

Name: _____

Contact No: _____
(Stamp/Seal if available)

(For use of Community only)

FORMAT FOR OPENING OF BIDS/QUOTATION

File No. ----- Date & Time of quotation opening -----

Bid issued for _____

Bid issued on _____

Sl. No	Name and address of the Bidder	Total Price in SSP

It is certified that the above details were called out publicly in our presence:

Sl. No	Name of the representative	Agency	Signature

Signatures of Bid Opening Committee Members:

Sl. No	Name of Officer	Designation	Signature

Minutes of the meeting (questions / clarification sought by the agency and the clarification given)

Signature
(Chairperson Name)
Date:

Signature
(Member Name)
Date:

Signature
(Member Name)
Date:

(For use of Community only)

TENDER COMPARISON FORM FOR GOODS WORKS AND SERVICES

Name of Supplier/Contractor	Price Quoted	Remarks/ additional information	Decision (Selected/Rejected with reason)

**Signature of
of
Member 1**

**Signature of
Member 2**

**Signature
Member 3**

Appendix 4.11 Goods Received Note

XXXX COUNCIL GOODS RECEIVED NOTE			No Date Po No.	
We acknowledge receipt of the following goods from: _____				
Item	Particulars	Unit	Quantity	Remarks
Receiving Officer/Storekeeper.....				
Names:				
Signature:		Date.....		
INSPECTION REPORT				
Head of department.....				
.....				
Signed by (Names).....		Date.....		
Title.....				
Internal Auditor.....				
.....				
Names.....				
Signature:		Date.....		

APPENDIX 5: CASH & COMMITMENT FORMS

Appendix 5.1 New Cheque Book Register

NEW CHEQUE BOOKS REGISTER

Bank name and branch	Account number	Date ordered	Number of leaves ordered	Date Received	Number of leaves received	Cheque Numbers		Counted by			Comments
						From	To	Name	Signature	Date	
1	2	3	4	5	7	8	9	10	11	12	

Appendix 5.2 Commitment Invoice Register

COMMITMENT REGISTER

Supplier/ Contractor	PO/SO/ Contract		Contract Amount	Bills/Invoices				Payments		Balance Due
	Date	No.	SSP	Date	No.	SSP	Overdue [Y/N]	Date	SSP	SSP

Appendix 5.3 Budget Control Book

BUDGET CONTROL BOOK FOR FY...

Department/Sector: _____

Funding Source: _____

Line item and Code: _____

Budget allocation [SSP] _____

Reallocation & supplementary budget [SSP] _____

Date	Name of supplier/ payee	Purchase Order/ LSO/ Agreement or PV No.	Commitment and related payments					Direct payments		Summary		
			Amount (LPO/LSO)	Payment Adjustment	Payment of Commitments	Cumulative Payments of Commitments	Cumulative Unpaid Commitments	Direct Payments	Cumulative Direct payments	Total Cumulative direct Payments	Total Cumulative Paid & Unpaid Commitments and Cumulative direct Payments	Balance Available
			SSP	SSP	SSP	SSP	SSP	SSP	SSP	SSP	SSP	SSP
1	2	3	4	5	6	7	8	9	10	11=7+10	12=(7+8+10)	13=Budget-12

APPENDIX 6: PAYMENTS FORMS
Appendix 6.1: Finance Form 40: Cash Payment Order
 Form 40 S/N.000000

REPUBLIC OF SOUTH SUDAN
Date:

CASH PAYMENT ORDER

Name of Payee:
Finance at which Payable:
Date:

No. of Voucher	Chargeable Against	Particulars	Details		Total	
			SSP	Pt	SSP	Pt
		Net Amount payable				

The Sum of:

In Words:.....
Words should commence immediately after the sum of and be so written as to allow no room for addition or alteration.

Verified by: signature of Applicant Authorized By

.....

Received the above mentioned sum of:.....

Date:..... Sign:.....

Appendix 6.2: Finance Form 17: Cheque/Bank Payment Order

REPUBLIC OF SOUTH SUDAN

A/C Form No. 17

Unit

Payee

Financial Year

Deducted on

No. 0562776	The local Serial Number
-------------	----------------------------

Number of the Documents	Particular	SSP	PT	SSP	PT
Net in words.....Total Checked by..... <div style="text-align: right;">Authorized by</div>					

I certify that the above amount is correct and accurate in its various kind, calculation and I advise to be paid.

Second signature:

Officer in charge of Auditing

Authorizing the payments

First Signature: Cheque No.

Date:

Date:

Appendix 6.3 Finance Form 47 List of Cheques Drawn

FINANCE FORM 47 LIST OF CHEQUES DRAWN

PO N ^o	Date of Cheque	Cheque/ Draft/ EFT N ^o	Amount	Name of Payee	Address of Payee	Purpose of Payment	Head of Finance.		Chief Administrator		Date Cleared by Bank
							Signature:	Date	Signature:	Date	

Appendix 6.4 Cheque Dispatch Register

CHEQUE DISPATCH REGISTER

Cheque/ Draft/ EFT N ^o	Name of Payee	Address of Payee	Purpose of Payment	Amount	Collected by		
					Name	Signature	Date

**** The recipient must sign in this register and on the related cheque payment order

Appendix 6.5 Financial Form 76 Accountants Register of Payment

THE REPUBLIC OF SOUTH SUDAN

Accountants Register of Payment _____ **Unit** _____ **Month** _____

Date	Reference No.		Name of payee	Budget expenditure																Payments on behalf of		Suspense Account		Miscellaneous Account		Total	Deductions	Net Amount of Payment	Total of Month to Date											
	Payment order No	Saraf No		211	212	213	214	221	221	223	224	225	226	227	228	236	243	281	282	238	State or Other Unit of State	Other States & Depts	Amanat	Ohad	Details	Amount	Particular			Amount										

Note:

1. The Number of columns under budget expenditure should be as many as possible to cover all the budgeted expenditure items
2. This form has been compressed to fit to this page, see actual printed form issued by MoFEP

APPENDIX 7: PAYROLL FORMS
Appendix 7.1 Legacy Payroll Forms

PAY SHEET

For the officials and employees of _____ for the Month _____ 20_____

Index No	Name & Appointment	No of Days	Date From	Date To	Monthly or daily pay	Allowances							Deductions						Total deductions	Net Amount Due	Remarks	Signature				
												Total	Contribution towards Pension													
													Current	Arrears												
					SSP	SSP	SSP	SSP	SSP	SSP	SSP	SSP	SSP	SSP	SSP	SSP	SSP	SSP	SSP	SSP						

		TOTAL																				

CERTIFICATE: I certify that the above is a correct statement of pay of the persons shown above _____ Month of _____

Place _____

Signature of Accountant _____

Date _____

Signature of Chief Administrator _____

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

**Name and signature of
officer paying**

**Name and signature of
Witness**

Date paid

Appendix 7.2: Legacy Manual Payroll Summary

Date

Prepared _____ State _____

Institution/County/Unit _____ Payroll _____

date _____

Basic Pay			X
Allowances	- Cola	X	
	- Rep	X	
	- Resp.	X	
	- Housing	X	
	- IT	X	
	- Others	X	
	<i>Total Allowance s</i>		X
One day deduction:			(X)
Gross pay			X
<i>Deductions:</i>			
	- Pension	X	
	- PIT	X	
	- WTU	X	
	- NSD2	X	
Loan deduction	- NSD3	X	
	- Others	X	
	<i>Total deductions</i>		(X)
Loan deduction			(X)
Net pay			X

Payroll date:

Name and Signature of officer paying :

(Adopted from the Pay sheet of Central Equatorial State for Juba County)

Appendix 7.3 SSEPS Summary Paysheet

Summary Paysheet [Local Government Name] [Department Name] [Date]

Unit 1											
Classification	No. of Staff	Basic Pay	COLA	Other Allow.	Total Allow.	GROSS	PEN	PIT	Other Deducts.	Loan/Adv Repay.	NET Pay
Classified	18										
Unclassified	16										
TOTALS	34										
Unit 2 / Facility A											
Classification	No. of Staff	Basic Pay	COLA	Other Allow.	Total Allow.	GROSS	PEN	PIT	Other Deducts.	Loan/Adv Repay.	NET Pay
Classified											
Unclassified											
TOTALS											
Unit 3 / Facility B											
Classification	No. of Staff	Basic Pay	COLA	Other Allow.	Total Allow.	GROSS	PEN	PIT	Other Deducts.	Loan/Adv Repay.	NET Pay
Classified											
Unclassified											
TOTALS											
SUMMARY											
Classification	No. of Staff	Basic Pay	COLA	Other Allow.	Total Allow.	GROSS	PEN	PIT	Other Deducts.	Loan/Adv Repay.	NET Pay
Classified											
Unclassified											
TOTALS											

Prepared by: *Name generated by SSEPS II*

 Job Title _____
 Signed: _____

Authorised by: County Head Quarters Establishment Officer

 Job Title _____
 Signed: _____

Executive Director Approval: Name _____ **Signature:** _____

Appendix 7.4: Cash Payment Schedule

Cash Payment Schedule [Local Government Name] [Department Name] [Date]

[Unit / Facility name]

Salary Details						Confirmation of Payment		
PIN	Given Name	Surname	Job Title	Grade/Rk/Post	Net Pay	Staff Signature on Receipt	Date	Cashier Signature
TOTALS								

Appendix 7.5: Bank Payment Transfer for Salaries

Payroll For _____ State _____ County
 Payroll in (SSP) For the Month of _____ 20 _____

Prepared by _____ Checked by _____ Checked by _____ Approved
 by _____

S/No	Name	Name of Bank	Bank Account No	Net pay (SSP)	Signature
1.				X	
2.				X	
3.				X	
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.				X	
18.				X	
Total for all transfers				X	

(Adopted from the Pay sheet of Central Equatorial State for Juba County)

Appendix 7.6: Salary Payment Request Form



REPUBLIC OF SOUTH SUDAN
Local Government
Payment Request Form – Salaries

Date of Claim ____ / ____ / ____

Department Code and Name: _____

A Salary for the month of _____

Funding source code & name: _____

Expenditure Code	Description	Amount	Budget Control Book
2 1 1	Gross Pay (Basic + Allowance)		
1 2 1	Less: Employee Pension	-	
1 1 2	Less: PIT	-	
	Less: (NSD)	-	
	Total Net pay to be paid to Department:		

B Approval within Department

Head of Department: Name: _____ Signature: _____

C Budgetary / commitment control

Controller of Accounts approval: Name _____ Signature: _____ Date ____ / ____ / ____

D Certification and Approval Mr/Mrs/ Miss _____ has been authorized to incur expenditure as indicated above. Please pay out SSP _____ (Amount in words) _____

Head of Accounts: Name _____ Signature _____ Date ____ / ____ / ____

Chief Administrator: Name _____ Signature _____ Date ____ / ____ / ____

E Payment

Pay Beneficiary Department/Vendor: _____ Amount _____

Purchase Order #: _____ Confirm entry of payment into Budget Control Book: (tick once entered)

Head of Finance: Name _____ Signature _____ Date ____ / ____ / ____

- Payment to Vendor: Payment from account # _____ Transfer Letter # / Cheque # : _____
- Payment to Applicant: I certify that I have received the sum of [SSP] _____ (Amount in words) _____ to be accounted* for on or before _____ failure of which the sum shall be deducted from my salary.

Applicant: Position _____ Name: _____ Signature: _____

* Insert N/A if no accountability is required

Appendix 7.7: Last Pay Certificate

FF 8

**REPUBLIC OF SOUTH SUDAN
Ministry of Finance & Economic Planning
LAST PAY CERTIFICATE**

Name
 Position Grade
 Monthly Pay Unit of service.....

			SSP	Pt.
Salary				
Total				
Other Deductions	SSP	Pt.		
Total deductions				
Total				

Total in words

Remarks

Paid up to.....

Due for payment with effect from

This form should only be issued at the end of the month following final payment.

Head of Unit (Name)..... **Signature** **Date**

APPENDIX 8: FIXED ASSETS & STORES MANAGEMENT FORMS

Appendix 8.1: Fixed Assets Register

Assets ID/ No. / Land Title No.	Date of Purchase	Description of the Asset	Manufacturer's Serial Nos.	Location of the asset	Cost of the Asset SSP	Date of disposal	Remarks

APPENDIX 9: FINANCIAL REPORTING FORMATS

Appendix 9.1 Statement of Cash Receipts and Payments

Table 1a: Statement of Cash Receipts and Payments

Description	Budget	Cumulative to end of Quarter	For Current Quarter
Opening Balance	-		
<i>o/w Bank Balance</i>	-		
<i>o/w Cash In Hand</i>	-		
Receipts	<u>XXXXXXX</u>		
Expenditure	<u>XXXXXXX</u>		
Closing Balance	-		
<i>o/w Bank Balance</i>	-		
<i>o/w Cash In Hand</i>	-		

Table 1b: Cash Balances for Quarter by Fund

Code	Description	Opening Balance at start of quarter			Receipts	Expenditure	Closing Balance		
		Bank	Cash In hand	Total			Bank	Cash In hand	Total
1100	Government Funds								
2100	[Donor project 1]								
	Total LG Budget for the year								

Table 1c: Cumulative Cash Balances to End of Quarter

Code	Description	Opening Balance at start of year			Receipts	Expenditure	Closing Balance		
		Bank	Cash In hand	Total			Bank	Cash In hand	Total
1100	Government Funds								
2100	[Donor project 1]								
	Total LG Budget for the year								

Appendix 9.2 Local Government Revenue Outturns

(a) Revenue Outturns by Item

Revenue Code	Description	2013-14 Budget	Total Receipts to end Quarter	Balance
		(1)	(2)	(3) = (1) - (2)
11	Taxes			
111	Taxes in income & profits			
112	Taxes on payroll & workforce			
113	Taxes on property			
114	Taxes on goods and services			
115	Taxes on international trade & transactions			
116	Other Taxes			
13	Grants			
131	Grants from foreign governments			
132	Transfers current from other government units			
133	Transfers capital			
134	Transfers other oil			
135	Grants from International Organizations			
14	Other revenue			
141	Property income			
142	Sales of goods and service			
143	Fines & penalties			
144	Sales of fixed assets			
145	Oil revenue			
146	Other revenue			
	Total Revenues			

(b) Revenue Outturns by Department & Chapter

Code	Department	11 Taxes	13 Grants (Government)	13 Grants (Donor)	14 Other Revenue	Total
110	Administration					
120	Education					
130	Health					
140	Agriculture					
150	Public Works					
151	Water					
160	Social Development					
190	Legislative Council					
	Total LG Budget					

Appendix 9.3 Summary Local Government Expenditures by Department

Table 3a: SUMMARY LG OUTTURNS BY DEPARTMENT

Code	Department/Sector	2013-14 Budget	Total Expenditure to end Quarter	Balance
		(1)	(2)	(3) = (1) – (2)
110	Administration			
120	Education			
130	Health			
140	Agriculture			
150	Public Works			
151	Water			
160	Social Development			
190	Legislative Council			
	TOTAL			

Table 3b: SUMMARY LG OUTTURNS TO END QUARTER BY DEPARTMENT & CHAPTER

Code	Sector	Wages and salaries	Use of Goods and services	Transfers	Other expenditure	Capital Expenditure	Total
110	Administration						
120	Education						
130	Health						
140	Agriculture						
150	Public Works						
151	Water						
160	Social Development						
190	Legislative Council						
	Total LG Budget						

Table 3c: SUMMARY LG OUTTURNS TO END QUARTER BY DEPARTMENT & FUND

Code	Department	1100 Government Funds	21xx Donor Fund 1	21xx Donor Fund 2	Total
110	Administration				
120	Education				
130	Health				
140	Agriculture				
150	Public Works				
151	Water				
160	Social Development				
190	Legislative Council				
	Total LG Budget				

Appendix 9.4 Summary Local Government Expenditures by Item

Fund: [xxxx]

Code	Description	2013-14 Budget	Total Expenditure to end Quarter	Balance
		(1)	(2)	(3) = (1) – (2)
21	Wages & Salaries			
211	Wages and salaries			
212	Incentives and Overtime			
213	Pension contributions			
214	Social benefits			
22	Use of Goods and services			
221	Travel			
222	Staff training and other staff costs			
223	Contracted services			
224	Repairs and Maintenance			
225	Utilities and Communications			
226	Supplies, Tools and materials			
227	Other operating expenses			
23	Transfers			
236	Transfers to Service Delivery Units			
24	Other expenditure			
241	Interest			
242	Subsidies			
243	Grants and Loans to Businesses			
244	Social assistance benefits			
28	Capital Expenditure			
281	Infrastructure and land			
282	Vehicles			
283	Specialized Equipment			
	Total Budget			

Appendix 9.5 Department Quarterly Budget Performance Reports

Summary of Department Expenditure

Chapter	2013-14 Budget	Total Expenditure to end Quarter	Balance
	(1)	(2)	(3) = (1) – (2)
21 Wages & Salaries			
22 Goods and services			
23 Transfers			
24 Other expenditure			
28 Capital Expenditure			
Total			
No. staff			

Narrative of Department Performance

Performance in Current Quarter:

With the spending in the current quarter set out below, the Department has achieved the following:

-
-
-

Performance in Previous Quarters:

With the cumulative spending set out below, the Department has achieved the following:

- [To show the narratives entered from previous quarters]
-
-

Department 2013-14 Outturns

Fund: all funds

Code	Description	2013-14 Budget	Total Expenditure to end Quarter	Balance
		(1)	(2)	(3) = (1) – (2)
21	Wages & Salaries			
211	Wages and salaries			
212	Incentives and Overtime			
213	Pension contributions			
214	Social benefits			
22	Use of Goods and services			
221	Travel			
222	Staff training and other staff costs			
223	Contracted services			
224	Repairs and Maintenance			
225	Utilities and Communications			
226	Supplies, Tools and materials			
227	Other operating expenses			
23	Transfers			
236	Transfers to Service Delivery Units			
24	Other expenditure			
241	Interest			
242	Subsidies			
243	Grants and Loans to Businesses			
244	Social assistance benefits			
28	Capital Expenditure			
281	Infrastructure and land			
282	Vehicles			
283	Specialized Equipment			
	Total Budget			

Note: this table is to be completed for each fund that the Department receives funding from (i.e. for government and for each donor project the department receives funding from).

Appendix 9.6 Capital Project Outturns

Department	BUDGET ITEM	Description	Location (Payam & Boma)	Source of funding	Budget (SSP)	Cumulative Expenditure to end Quarter	Status
		GRAND TOTAL					

For status, enter one of the following:

1. Procurement not started
2. Being procured
3. Works underway
4. Completed

APPENDIX 10: 2012/13 CHART OF ACCOUNTS

Fund Segment			
Fund Type	Fund	Sub-Fund	Description
1			Government Funds
	11		Consolidated Fund
		1100	Current year appropriations
2			Donor Funds
	21		Donor 1
		2100	Project/Grant 1
	22		Donor 2
		2201	Project/Grant 1

Note: Code 1100 is used for all government funding. Other codes are only used when a Local Government is receiving donor funding.

Organisation Segment	
Code	Department
110	Administration
120	Education
130	Health
140	Agriculture
150	Public Works
151	Water
160	Social Development
190	Legislative Council

Economic Segment - Revenues			
Chapter	Item	Sub-item	Description
11			Taxes
	111		Taxes on income and profits
		11100	Income Tax Withheld by companies / NGOs
		11101	Income Tax Withheld for government employees
		11102	Income Tax paid by individuals
		11103	PIT Surcharge
		11104	Business Profit Tax
	112		Taxes on payroll and workforce
		11200	Taxes on payroll and workforce
	113		Taxes on property
		11300	Property tax
		11301	Land tax
		11302	Taxes on financial and capital transactions
	114		Taxes on goods and services
		11400	Sales taxes
		11401	Value added tax
		11402	Turnover and other general taxes on goods and services
		11403	Excise duty
		11404	Taxes on specific services
		11405	Motor vehicle tax
		11406	Tax on use of other goods
	115		Taxes on international trade and transactions
		11500	Customs and other import duties
		11501	Taxes on exports
		11502	Exchange profits
		11503	Exchange taxes
	116		Other taxes
		11600	Unclassified taxes
		11601	Social service tax
12			Social security contributions
	121		Pension contributions
		12100	Employee contributions
		12101	Employer contributions
13			Grants
	131		Grants from foreign governments
		13100	Grants from foreign governments - Current
		13101	Grants from foreign governments - Capital
	132		Transfers Current From Other Government Units
		13200	Grants Current - Salaries
		13201	Grants Current - Operating
		13202	Grants Current - Block
		13203	Grants Current - Share of Sales Tax
	133		Transfers Capital

Economic Segment - Revenues			
Chapter	Item	Sub-item	Description
		13300	Grants Capital - conditional
		13301	Grants Capital - county development
	134		Transfers Other Oil
		13400	2% Oil transfer
		13401	3% Oil transfer
	135		Transfers from International Organizations
		13500	Grants from international organizations - Current
		13501	Grants from international organizations - Capital
14			Other revenue
	141		Property income
		14100	Interest
		14101	Dividends
		14102	Withdrawals from income of quasi-corporations
		14103	Royalties, land rights, forestry, fishing and grazing rights
		14104	Other Rent
	142		Sales of goods and services
		14200	Sales by utility corporations
		14201	Airport and Seaport fees
		14202	Other market Sales
		14203	Tourism license
		14204	Driving licenses
		14205	Work permits
		14206	Receipt from other licenses
		14207	Registration of Companies and NGOs
		14208	Other administrative fees
		14209	Incidental sales
	143		Fines and Penalties
		14300	Traffic fines
		14301	Fines and penalties of the Judiciary
		14302	Other fines
	144		Sale of Fixed Assets
		14400	Sale of buildings and structures
		14401	Sale of equipment
		14402	Sale of furniture
		14403	Sale of livestock
	145		Oil Revenue
		14500	Export oil sales
		14501	Local oil sales
		14502	Area rentals (to be paid annually)
		14503	Signing bonus (when contracts signed)
		14504	Production bonus
		14505	Scholarship bonus
	146		Other revenue

Economic Segment - Revenues			
Chapter	Item	Sub-item	Description
		14600	Unclassified receipts
		14601	Return of previous year expenditure

Note: this shows the full economic segment chart of accounts including sub-items. Local Governments are expected to budget and account using item codes. Sub-items are only shown for information, to help local governments classify revenues under the correct item. Some guidance is as follows:

1. Code 113 Taxes on Property includes taxes assessed on the value of buildings (town rates), other permanent structures etc., Central/State government payments in lieu of assessed property taxes, Land Tax Account: Include Taxes based on size/acreage of land, etc.
2. Code 114 Taxes on Goods & services includes taxes on animals sold, taxes of sale of agricultural produce, Gibana and Ushur etc.
3. Code 116 Other Taxes includes head tax, or social service tax.
4. Code 132 Transfers from other Government Units includes all salary and operating grants from National or State Governments, and shared revenues from other govt. units.
5. Code 133 Transfers Capital relates to the County Development Grant.
6. For grants from donors, either code 131, if the grant is from an international organisation (such as the World Bank) or code 135 if the grant is from a foreign government, are used.
7. Code 141 Property Income includes rent form building and other permanent constructed structures, hire of halls, hire of LG equipment, and ground rent etc. It also includes taxes on private use of public property, the exploitation of natural resources etc.
8. Code 142 Sales of Goods & Services includes trading/business licences, revenues collected by the LG from lorry, car and bus parks, dues collected from LG markets, refuse collection charges, other public facility user charges, marriage certificates, taxi/vehicle operator licence, permits issued by the LG to building owners to occupy/enter buildings; planning permission fees, inspection fees, sale of tender documents, etc.
9. Code 143 Fines & Penalties includes penalties on taxes paid in arrears, forfeits of guarantees & performance bonds, general fines for violation of LG byelaws etc.

Economic Segment - Expenditures			
Chapter	Item	Sub-item	Description
21			Wages and salaries
	211		Wages and salaries
		21100	Base salary
		21101	Allowances - payroll
		21102	Allowances - other
	212		Incentives and Overtime
		21200	Incentives
		21201	Overtime
	213		Pension contributions
		21300	Employer pension contribution
	214		Social benefits
		21400	Rent for staff accommodation
		21401	Terminal benefits
		21402	Death benefits & funeral Expenses
		21403	Medical benefits
		21404	Other social benefits
22			Use of Goods and services
	221		Travel
		22100	Allowance - Domestic
		22101	Allowance - International
		22102	Travel - Domestic
		22103	Travel - International
	222		Staff training and other staff costs
		22200	Training (domestic)
		22201	Training (abroad)
		22202	Tuition Fees
		22203	Workshops, Seminars & Conferences
		22204	Staff relocation/repatriation costs
	223		Contracted services
		22300	Casual Labour
		22301	Contracted technical & professional services
		22302	Contracted security & cleaning
		22303	Printing and publishing
		22304	Advertisements and media campaigns
		22305	Management fees
		22306	Vehicle rental (car, bus & charter plane)
		22307	Non-residential rent
		22308	Hire of equipment, plant & machinery
		22309	Transport/storage Charges
		22310	Trade show or exhibition
	224		Repairs and Maintenance
		22400	Vehicle maintenance

Economic Segment - Expenditures			
Chapter	Item	Sub-item	Description
		22401	Maintenance of other transport equipment
		22402	Equipment, plant and machinery maintenance
		22403	Maintenance of buildings
		22404	Maintenance of roads & bridges
		22405	Civil works maintenance - Power, Water
	225		Utilities and Communications
		22500	Water and sewerage charges
		22501	Electricity
		22502	Telecommunication
		22503	Postage & courier costs
	226		Supplies, Tools and materials
		22600	Medical/Veterinary Supplies - drugs, dressings
		22601	Agricultural, Workshop & Laboratory Supplies
		22602	Education & library supplies (books etc.)
		22603	Security Costs
		22604	Uniforms
		22605	Food & Rations
		22606	Sports Equipment
		22607	Other Specialised Supplies
		22608	Office Supplies (stationery &c)
		22609	Hardware and software supplies for ICT, photocopiers
		22610	Office Water, Tea, Soft Drinks
		22611	Fuel & Lubricants for Transport
		22612	Fuel & Lubricants for Equipment/Production
	227		Other operating expenses
		22700	Building Insurance
		22701	Equipment, Plant & Machinery Insurance
		22702	Vehicle/Transport Equipment Insurance
		22703	Penalties and Court Fines
		22704	License or Registration Fee
		22705	Other Loss (Cash, Write-off)
		22706	Bank Charges
		22707	Subscription - Papers, Periodicals
		22708	Visitor Housing & Entertainment
		22709	Constitutional post holders advance
		22710	Reimbursable advance
	228		Oil production costs
		22800	Transit fees
23			Transfers
	231		Transfers Conditional Salaries
		23100	Grants Current - Salaries
	232		Transfers Operating
		23200	Grants Current - Operating

Economic Segment - Expenditures			
Chapter	Item	Sub-item	Description
		23201	Grants Current - Block
		23202	Grants Current - Block Advance
		23203	Grants Current - Share of Sales Tax
	233		Transfers Capital
		23300	Grants Capital - conditional
		23301	Grants Capital - county development
	234		Transfers Other Oil
		23400	2% Oil transfer
		23401	3% Oil transfer
	235		Transfers to International Organizations
		23500	Grants to international organizations - Current
		23501	Grants to international organizations - Capital
	236		Transfers to Service Delivery Units
		23600	Grant Current
		23601	Grants Capital
24			Other expenditure
	241		Interest
		24100	Foreign loans
		24101	Domestic loans
	242		Subsidies
		24200	University Subsidies
		24201	Other Institution Subsidies
	243		Grants and Loans to Businesses
		24300	Grants to Business Enterprise
		24301	Loans to Business Enterprise
	244		Social assistance benefits
		24400	Donations to private individuals
		24401	Donations to private organizations
		24402	Student benefits
		24403	Other social assistance benefits
28			Capital Expenditure
	281		Infrastructure and land
		28100	Roads and Bridges
		28101	Water Supply: drains, boreholes, sewers
		28102	Power Supply
		28103	Airstrip, Airports/Port/ Harbour
		28104	Residential Buildings for Government Officials
		28105	Non-residential Buildings: Administration and Offices
		28106	Non-Residential Buildings: Hospitals, Schools etc.
		28107	Feasibility Study: Capital Works
		28108	Engineering/Design/Architect Plans
		28109	Supervision of Capital Works
		28110	Land

Economic Segment - Expenditures			
Chapter	Item	Sub-item	Description
	282		Vehicles
		28200	Motorbikes
		28201	Cars
		28202	Bus or Minibus
		28203	Lorry
		28204	Other Transport Equipment
	283		Specialized Equipment
		28300	Communications Equipment
		28301	Generator, Boiler, Fridge, Irrigation Equipment
		28302	Tractor, Dozer, Tipper, Excavator
		28303	Medical & Veterinary Equipment
		28304	Agriculture, Laboratory & Workshop Equipment
		28305	Tents & Impermanent Structures
		28306	Other Specialised Equipment
		28307	Office Furnishing, Furniture, Air conditioners
		28308	Computer, Copier, ICT Equipment

Note: this shows the full chart of accounts including sub-items. Local Governments are expected to budget and account using item codes. Sub-items are only shown for information, to help local governments classify expenditures under the correct item.

