AN ASSESSMENT OF LOCAL AUTHORITIES DONOR FUND MANAGEMENT SYSTEMS REPORT

March 2009
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We would also like to say a big thank you to the WAG’s NGO partners who did so well in making extensive arrangements, logistics and appointments, for the research team. Without such prior arrangements our work would have been very difficult to complete within that short time period we were in the field. To the WAG non-partner NGOs that granted interviews we say thank you as well.

We would also like to express our sincerely appreciation to Water Aid Ghana for the opportunity to undertake this educative study. It has expanded our knowledge horizon on the operations of the District Assemblies. We are hopeful the findings will strengthen your procedures to meet the urgent water and sanitation needs of your stakeholders.
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<th>Abbreviation</th>
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<tr>
<td>AIDS</td>
<td>Acquired Immune Deficient Syndrome</td>
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<td>BND</td>
<td>Birim North District</td>
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<td>CIDA</td>
<td>Canadian International Development Agency</td>
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<td>DAs</td>
<td>District Assemblies</td>
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<td>DACF</td>
<td>District Assemblies Common Fund</td>
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<td>DANIDA</td>
<td>Danish International Development Agency</td>
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<td>Agency DBO</td>
<td>District Budget Officer</td>
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<td>DCD</td>
<td>District Coordinating Director</td>
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<td>DCE</td>
<td>District Chief Executive</td>
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<td>DFID</td>
<td>Department for International Development</td>
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<td>DFO</td>
<td>District Finance Officer</td>
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<td>DPO</td>
<td>District Planning Officer</td>
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<td>DTCP</td>
<td>District Town and Country Planning</td>
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<td>DWAP</td>
<td>District Wide Assistance Project</td>
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<td>DWST</td>
<td>District Water and Sanitation</td>
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<td>Team EU</td>
<td>European Union</td>
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<td>FM</td>
<td>Financial Memorandum</td>
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<td>GIMPA</td>
<td>Ghana Institute of Management and Public Administration</td>
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<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
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<td>IGF</td>
<td>Internally Generated Fund</td>
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<td>IGR</td>
<td>Internally Generated Revenue</td>
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<td>MDAs</td>
<td>Municipal/Metropolitan Assemblies</td>
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<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>MIS</td>
<td>Management Information System</td>
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<tr>
<td>Abbreviation</td>
<td>Description</td>
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<tr>
<td>MLGRD</td>
<td>Ministry of local Government &amp; Rural Development</td>
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<td>MOU</td>
<td>Memorandum of Understanding</td>
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<td>MP</td>
<td>Member of Parliament</td>
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<td>NGOs</td>
<td>Non-Governmental Organizations</td>
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<td>POP</td>
<td>Project Operational Plan</td>
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Executive Summary

Following a national requirement for development partners and stakeholders to work with Local Government Authorities (LGAs), WaterAid, Ghana (WAG), has recently engaged LGAs as part of their focal districts to support the implementation of WAG’s core functions. Hitherto, District Assemblies (DAs) were outside the sphere of WAG’s partners, irrespective of the fact that DAs are traditionally responsible for WAG’s key concerns—water, sanitation and hygiene education services. This attempt is also to position WAG more overtly in its activities in communities and the local administrative and political systems, and particularly within the framework of the Local Millennium Development Goals. Consequently, a Memorandum of Understanding (MOU) was recently signed between WaterAid Ghana and eleven LGAs and eight local NGO partners to serve as a framework of partnership for the implementation of water and sanitation interventions in the respective districts.

Unsure of the level of readiness and institutional capacity of the District Assemblies to effectively and efficiently manage transferred funds and deliver on contractual obligations, WAG instituted this study to among others, guide it on implementing the terms of the signed MOU.

Appreciative Inquiry was conducted using key informant interviews with key District Assembly Officers and other decentralized department staff and partner/non-partner NGOs to assess the situation on the ground. Appreciative enquiry recognizes the best in people, affirms it, and builds upon it. In addition, document review/desk study was undertaken. The field interviews were conducted in December 2008, using qualitative, open-ended instruments. The sampling technique combined purposive, stratified and random procedures. A sample of 92 respondents from the districts, and the Country Representative of WAG were interviewed.

As of the time of study, the human resource base of the DAs were very impressive the required positions were filled with persons who were very qualified academically, and also had high level professional expertise in the area of administration, over a relatively long period of time. However, the Assemblies lacked the services of related specialist staff such as hydrologists, civil engineers, environmental economists, and project analysts. Additionally, the DAs lacked the necessary logistical provisions, especially for most of the decentralized departments interviewed. Moreover, all the decentralized departments and agencies interviewed and some of the NGOs said they needed middle level accounts personnel with the Higher National Diploma or equivalent qualifications.

Another important finding was that the DA respondents were well aware of the public procurement procedure and mostly stuck to it, against challenging situations like intrusive lobbying from interested publics, expensive
advertisements and poor caliber of local contractors. The assessment of the district specific capacity for financial management, based on the respective Assemblies’ manpower available for financial management, quality and experience of the personnel and the financial management system in place yielded positive results. Furthermore, long standing relationships between the districts studied and donors had given the financial managers the needed experience and discipline to take care of donor funds appreciably. Against this background, audited reports from the Accountant General’s Department on projects undertaken by Assemblies commonly depict lapses such as inaccurate costing of projects resulting in cost overruns, high cost of project inputs or materials, lack of pre-auditing of payment vouchers due to the absence of Internal Audit Unit of the Assemblies or the sidelining of the Unit by spending offices, poor documentation of official payments and receipts, and non-updating of fixed assets registers to allow for the determination of the dates and values of vouchers of assets purchased, all of which weaken the financial management capacity of a District Assembly.

Moreover, the study observed that the DAs we interviewed had very limited revenue mobilization/generation capacity, leading to over dependence on the District Assembly Common Funds, itself said to be bedeviled with delays in payment and huge deductions by the parent ministry. Amongst others, this leads to delays in completion of tackled projects, and over dependence on external donors. Against this background, however, all the DAs studied said they were prepared to receive and manage donor funds. This view point was supported by the district-partner water and sanitation NGOs, but also, the decentralized departments studied, although the latter had limited awareness of the respective DA’s financial management and processes.

To be able to manage donor funds adequately, the DA interviewees expected donors to spell out their conditionalities clearly, documented guidelines for use of the monies, effective monitoring and evaluation of projects across the lifespan of the projects, timely release of funds, and commitment to what donors promise as factors that will enable them use donor funding appropriately and effectively.

From within the DAs and MDAs, the discussants expected the following best practices, amongst others, as what will lead to the optimum use of donor funds: innovative Coordinating Directors who show initiative, DCEs who are humane and have good human relationships, transparency and accountability, proper planning, having checks and balances, de-politicizing development projects and programmes, inter-sectoral collaboration and co-operation, strict application of funds to what they were meant for, giving guidelines to DAs on what is expected of them, a well qualified technical human resource, and involvement of traditional leaders in project formulation and implementation.

This study concludes that the long existence of the DA system and the extensive donor affiliation with the DAs studied have built up appreciable
experience within the Assemblies in procurement, human resource development and financial management and reporting. However, reports from the Auditor-General and the Accountant-General's offices indicate that development projects of DAs funded by donors are commonly bedeviled with lapses in procurement, poor financial management and weak staff levels (especially auditors). Due to confidentiality issues, we could not fully assess the extent to which the DAs we studied suffered these ill-fates.

It is recommended, among others, that WAG provides documented ground rules within the context of the MOU, including those covering procurement, undertakes additional human resources training for middle level accounting personnel and district procurement persons, provide training in computer skill for some DA and MDA staff, as well as undertake scheduled monitoring and evaluation of its donor funds within the framework of the signed MOU.
1.0 Background

1.1 Introduction

WaterAid Ghana (WAG) has traditionally worked through its local partners including government sectors, institutions and NGOs. Unfortunately District Assemblies that have responsibility related to the core functions of WaterAid, the provision of water, sanitation and hygiene education services, have been outside its sphere of partners. In response to the national requirement for development partners and stakeholders to work with Local Government Authorities (LGAs), Water Aid has recently engaged LGAs as part of their focal districts to support the implementation of WAG’s core functions.

Since 1985, WAG has worked in communities supporting the development and provision of water, sanitation and hygiene education services (WASH). But this has not been ‘recognized’ as it were, by the local administrative and political systems. Thus, the positive outcomes of such efforts have just been acknowledged as contributing towards achieving the development goals of the district with little formal reference to WAG’s work. It also did not formally contribute to the building of LGA capacities to address WASH services in the various districts.

The need to strengthen and formalize its collaboration with the District Assemblies has been heightened by the demands of current developments in Corporate Water Aid. This is coupled by the requirements for intensive implementation of selected interventions of its District Medium-Term Development Plan (MTDP), as well as the District Water and Sanitation Plan within the framework of the Local Millennium Development Goals.

Against this background, a Memorandum of Understanding (MOU) has been concluded between WaterAid Ghana and eleven Local Government Authorities and eight local NGO partners. This is to define and govern an evolving partnership in support of the implementation of water and sanitation interventions in the respective districts.

The current challenge of WAG is the level of readiness and institutional capacity of the District Assemblies to effectively and efficiently manage transferred funds and deliver on contractual obligations. This study therefore sought to gauge the capacity and capabilities of the selected District Assemblies to effectively deliver on the signed MOU.

1.2 Objectives

The six point objectives of the study were to:

• Ascertain the level of staff competencies in managing donor funding at the District Assembly level

• Assess the quality of responsive leadership at the District Assembly level and how it is linked with resource management of the District Assembly

• Review the financial systems and procedures for donor fund management and how it is being implemented
• Ascertain accountability mechanisms with respect to donor fund management at the district Assembly level

• Ascertain reporting procedures for donor funding

• Provide recommendations to WaterAid Ghana that would guide and maximize on implementation of the terms of the signed MOU.

1.3 Methodology

The methodology was guided by the tasks dictated by the six point objectives, the client’s preferred method, as well as the target specific exigencies. A combination of two methods was used for information gathering - Appreciative Inquiry (see Box 1), administered through key informant interviews were used for key District Assembly Officers and other decentralized department staff and partner/non-partner NGOs, and document review/desk study.

Box 1: Definition of Appreciative Inquiry

Appreciative Inquiry is a facilitated approach to organizational planning and change that asks “what is working well around here and how do we build on it? It’s based on the assumption that in every group or organization, something works well. It therefore involves recognizing the best in people or the world around us, affirming the past and present strengths, successes and potentials.

Appreciative Inquiry “treats people like people and not like machines. As humans we are social. We create our identities and our knowledge in relation to one another. We are curious. We like to tell stories and listen to stories. We like to learn and use what we learn to achieve our best” (Whitney, D. and Trosten-Bloom, A.: The Power of Appreciative Inquiry: A Practical Guide).

This methodology helped to unearth those factors that give life (health, vitality, vision, values, passion, excellence) that are found within every system, those factors that hold the potential for inspired, positive change.

Here, the focus was to encourage the District Assembly staff to discover and build on the root causes of success in managing donor funds rather than dissecting problems. Interviews were conducted in non-threatening and empowering manner allowing interviewers to tap into the knowledge and energy of internal expertise of the District Assemblies.

Instruments

Two main instruments were developed and administered.

a) An Appreciative Inquiry Instrument which covered appropriate function-related
positive questions developed around affirmative topics such as leadership, strategic planning, management, human resource, system development, collaboration, procurement, reporting, sustainability, NGO-DistrictAssemby linkages and challenges related to donor funded interventions. Though the instrument focused on the first stage ‘Discover’ of the 4 staged process, questions covering the second step- ‘Dream’ were asked with the view to enrich recommendations towards “Design” and effective “Delivery” of the elements of the tri-partite MOU.

For the purposes of triangulation, representatives of key decentralized departments (Education, Health, Departments of Town and Country Planning, and Community Development), WAG partner NGOs as well as a non-partner NGO that work in the water and sanitation sector, were interviewed. Related questions focused on perceptions and collaboration experiences with the Assemblies vis-à-vis their capacity and capability in managing donor funds and interventions. Documents including local policies, work plans, operational guidelines, standards, reports and in some cases previous donor reports and comments on intervention implementation, were requested for and reviewed.

**Areas of Study and Selection Criteria**

The study was carried out in the eleven selected Districts. Six District Assemblies of WAG operational districts, namely Tamale Metropolitan, Bolgatanga Municipality, Bawku-West, Gushiegu, Birim–North and Akwapim North, were visited by the research teams and instruments administered through recorded interviews. In the five remaining Districts Assemblies- Ga East, Dangme West, Krachi East, Bongo, Kwahu North, both study instruments were adapted and self administered by similar respondents.

The sampling technique combined purposive, stratified and random procedures. Based on the information provided by WAG, the original 11 districts mentioned in the Concept Note were stratified into northern and southern ones, after which each sub- group was further divided into urban and rural. A third sub-categorization was designated as ‘weak’ and ‘strong’ districts. ‘Weak’ and ‘strong’ were defined and used as proxy indicators based on WAG’s district based partners’ utilization, absorption, and ability to work with other partners including the District Assembly and as such are in the position to support the Assemblies in the implementation of the above MOU. Random sampling was finally done within these categories to select the six study districts which were visited.

Given that the northern regions of Ghana have a comparatively higher preponderance of water and sanitation related problems, we also purposively selected a higher number of districts in northern Ghana to enable us have as much information as possible. Furthermore, the skewed number of ‘strong’ partners in the northern sector enabled us to capture the “best practices” of these districts, particularly Tamale Metropolitan and Bolga Municipal Assemblies.

To boost the evidenced-based approach of the methodology, questionnaires were administered by District Assembly staff, key personnel of both non-partner and
Partner NGO of WAG and representatives of decentralized departments in the six districts the study team visited through personal interviews. For the five districts Assemblies that the study team did not visit, the questionnaires were self administered. Inherent logistical and time constraints dictated the need not to visit all 11 original districts assigned. The emphasis was to assess the district’s relationships with their respective MDAs, and donors, and their capacity and management capabilities for donor funds.

**Participants Size**

In each of the selected study districts participants were categorized and interviewed, using purposive sampling. Participants were drawn from four categories:

- Senior staff of District Assembly (District Chief Executive, District Coordinating Director, District Finance Officer, District Budget Officer, District Planning Officer, District Water and Sanitation Team (DWST) leader);
- Heads/key staff of decentralized departments (Health, Education, Town and Country Planning, and Community Development)
- Head/key staff of WaterAid Ghana partner NGO
- Head/key staff of non-WaterAid Ghana partner NGOs involved in water and sanitation

In addition, the following two groups of respondents were interviewed:

- Head/Key Regional staff of Regional Community Water and Sanitation Agency, for the respective study districts, and
- Key staff of WaterAid Ghana Head Office.

A total of about 72 key informants, 10-12 in each of the 6 districts visited, were interviewed. In addition, 20 participants from the 5 districts that were not visited by the team, self administered the questionnaires. Also the Country Representative of WAG was also interviewed. In all a total of 93 participants were involved in the study.

**1.4 Limitations/Challenges of the Study**

The study faced two main challenges. A major challenge was the timing of the study; it was conducted very close to the run-off of the 2008 Presidential elections where the principal participants who were politically positioned had to be absent from their workplace. Availability of participants particularly the District Assembly Chief Executives (DCEs) was a big challenge. This situation was, however, ameliorated to a limited extent by the availability of the District Coordinating Directors who are the operational officers, and the other key staff of the Assembly.

Second, most of the District Assemblies were also not ready to willingly release or disclose information on audit reports. This situation may have occurred due to the
absence of the overall political heads of the Assembly, that is, the DCEs. In their

Absence, other key staff of the Assembly were quite reluctant to release such
information to the study team. It may also be due to the fact that the Assemblies had
‘something’ to hide which in their estimation may be damaging in terms of gaining WAG
funds, despite the signed MoUs. It is for this reason that WAG must take the
recommendations provided in this report on the financial management and procurement
of the study District Assemblies very seriously.

1.5 Organization of the Report

This report is divided into seven sections. The first section (Introduction) contains the
study’s objectives, methodology and challenges. The second section is on the functional
and organizational structure of the District Assemblies. It also contains the legal and
policy framework of the District Assemblies so as to place the assessment in its proper
context. Section 3 discusses human resources base of the District Assemblies in terms
of staff level, qualifications, performance appraisal and capacity building.

The main findings of the study are discussed in sections 4 and 5. Section 4 looks at the
procurement process and its challenges. The financial management of District
Assemblies is discussed in section 5. It reviews existing financial management
framework, and then district specific financial management capacity.

Section 6 takes a critical look at the perspectives of partner NGOs of WAG and
decentralized departments of the District Assemblies regarding the readiness of the
Assemblies to receive funds from donors. The last section of the report, section 7,
provides the conclusions and recommendations of the study.

2.0 Functional and Organizational Analysis

2.1 Legal and Policy Framework of District Assemblies

The legal and policy framework within which institutions operate to a large degree
affects the effectiveness of their performance. Taking a critical look at such support
framework is therefore important as it may hinder or promote the effectiveness of the
institution in question. It is the view of the study team that the legal and administrative
framework for operating decentralized local government system has been firmly laid.
More specifically, the decentralization policy is entrenched in the national
constitution. Backed by the Local Government Act, 1993 (Act 462), the legal basis for
the existence and operation of District Assemblies is well secured.

The District Assembly concept was introduced in 1988 as part of the decentralization
policy of government. The overall aim of the policy is to promote popular participation
and empower local people in decision-making and enhance national development
especially rural development. The argument here is that local policy-makers are
perceived as more familiar with local problems and, would be more likely to produce
policies attuned to the needs of local populations.
The cornerstone of the decentralization programme is the District Assemblies. By the mandates of the various legal instruments on the decentralization programme, the overall politico-administration, socio-economic planning and development of districts are the responsibilities of the DAs. The responsibilities of the Assemblies range from environmental sanitation and conservation to health and education.

To enable the District Assemblies operate efficiently, they are empowered to raise revenue locally, receive government grants and also receive donor funds to meet their recurrent and capital expenditures. The District Assembly consists of a District Chief Executive (DCE), the head of the Assembly (who is nominated by the central government and approved by the Assembly); Assembly members (two-thirds of whom are elected, and the rest appointed by the central government in consultation with relevant groups within the district); and a team of civil servants (mainly administrators and planning officers).

To involve the grass roots in the mobilization of resources, and the formulation and implementation of policies at the community level, Act 462 requires the sub-division of districts into Area/Urban Councils and Unit Committees. However, like many districts in Ghana, these lower structures (Area Councils and Unit Committees) of the selected District Assemblies covered by this study were either non-existent or non-functional. The non-functioning of these vital structures or organs of the DAs raises questions about the impact of decentralization programme on the development of the studied districts after more than a decade and half of implementation of the programme. In the Bawku West District, there is a conscious effort underway with support from a donor, EDIF to revive and make the sub-structures (Town and Area Councils) of the Assembly functional by assisting the Assembly to pay the allowances of some staff of these sub-district structures.

2.2 Functions of the District Assemblies

The functions of the District Assemblies are spelt out in detail in the Section 10 (1) of the Local Government Act, 1993 (Act 462) and Section 2 of the National Development Planning Act, 1994 (Act 480). The functions of the Assembly are defined as deliberative, legislative and executive. Section 10 (1) of Act 462 provides details of the functions of the District Assemblies as follows:

- Responsible for the overall development of the district and shall ensure the preparation and submission through the Regional Coordinating Council;
  
  i. development plans of the district to the National Development Planning Commission for approval and;
  
  ii. budget of the district related to the approved plans to the Minister for Finance for approval.

- Formulate and executive plans, programmes and strategies for the effective mobilization of the resources necessary for the overall development of the district;
• Promote and support productive activity and social development in the district and remove any obstacles to initiative and development;

• Initiate programmes for the development of basic infrastructure and provide municipal works and services in the district;

• Responsible for the development, improvement and management of human settlement and the environment in the district;

• Cooperate with appropriate national and local security agencies responsible for the maintenance of security and public safety in the district;

• Initiate, sponsor or carry out such studies as may be necessary for the discharge of any of the functions conferred by the Act or any other enactment and;

• Perform such other functions as may be provided under any other enactment

In addition, Section 10 (4) of Act 462 urges the District Assembly to take such steps and measures as are necessary to the execution of approved development plans of the district. This includes encouraging and supporting other bodies such as NGOs, local communities and decentralized departments to execute approved development plans.

The functions stipulated in the Local Government Act, 193 (Act 462) are broad. It basically entails the Assembly taking responsibility for the overall development of the district. The Assembly therefore has an interest in every development activity that takes place in the district. Legally, administratively and policy wise, the District Assembly is therefore a key partner in all development activity including water and sanitation. Interviews with the key staff of the District Assemblies and the heads/key staff of the decentralized departments revealed that they are very much conversant with the functions of the Assemblies as indicated in the Local Government Act, 1993 (Act 462). A clear indication of this view is respondents’ frequent reference to Act 462 during interview sessions.

2.3 Organizational Structure

In the performance of its functions, the District Assembly works through a committee system which is made up of the Executive Committee and its sub-committees (see Figure 1). The Executive Committee is the highest executive authority of the Assembly, and it is through its provisions that other Committees of the Assembly are established.

The executive functions of the Assembly are performed by the Executive Committee, which is presided over by the District Chief Executive (DCE). Its membership consists of not more than one-third of the total number of Assembly members, including the Presiding Member. Heads of departments of the Assembly attend meetings of the relevant sub-committees and advise them on the execution of their functions but without voting powers.
The Sub-committees of the District Assemblies perform specific functions as their names imply – Development Planning, Social Services, Works and Infrastructure Development, Finance and Administration, and Justice and Security. These sub-committees and the Executive Committee are supported by the technocrats-occupied branches of the Assembly (namely Administration, Finance and Planning and Budgeting), headed by the District Coordinating Director.

**Fig. 1: Administrative Structure of District Assemblies**

![Administrative Structure of District Assemblies Diagram]
3.0 Human Resource Base of the District Assemblies

3.1 Staff Level and Qualification

The staff levels of almost all the District Assemblies (DAs) interviewed were very impressive. All the required staff were in place for all of the DAs. With the exception of the Birim North District (BND) which did not have a District Chief Executive (DCE), all the remaining districts interviewed had DCEs. Even with the Birim North District, attempts had been made by the then government to appoint a DCE but the local communities had not endorsed the nominee. However, comments from some key informants suggest that due to the political position of the DCEs, they are usually not at post in their respective districts due to numerous invitations to attend meetings at regional and national headquarters in addition to other political meetings. Thus, only two DCEs were at post and interviewed in the districts visited during the run up to 2008 national Presidential Elections.

In addition, the requisite key staff at post (District Coordinating Directors, District Planning Officers, District Finance Officers, District Budget Officers and District Water and Sanitation Committee head) all were well qualified academically, and had the necessary professional expertise which comes with time. Most of the technical staff had served in their respective capacities for at least five years. The range of years of service in their current positions was three months to 13 years, with the vast majority having served in similar positions in other districts before being posted to their present districts. As a key informant in the Birim North District Assembly notes: the District Budget Officer, District Planning Officer, District Finance Officer…all of them are graduates. They have worked in other places before coming here. So I think they are well experienced.

Besides the key staff of the DAs possessing a minimum qualification of bachelor degrees or its equivalent, a number of staff have post-graduate academic degrees in their respective professions. Some of them also had related professional qualifications such as in accountancy.

Additionally, all the key personnel of the District Assemblies had benefited frequently from refresher courses and other training programmes in their respective areas. Principally, they had trained in Local Governance from the Ghana Institute of Management and Public Administration (GIMPA) and from the Institute of Local Government Studies as well as the universities. Respondents indicated that several NGOs and other development partners have organized training workshops which have enhanced the capacity of staff.

However, the support from central government for capacity building of support staff of the DAs and decentralized department for higher academic programmes is under treat. This follows a recent directive from the central government that DAs and government agencies in the near future would have to fund such training programmes from their budgetary allocations. The critical issue, besides the inadequate funds from the DAs to support such training, is their likely reluctance to

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1 This situation prevailed despite numerous efforts on our part (study team) to
inform the districts about our visit ahead of time.

Fund such training programmes due to the potential staff attrition either through job transfers to other DAs or other private and public institutions. Nevertheless, some DAs have supported key staff to obtain higher academic qualifications:

For the past five years, the District Chief Executive was supported by the District Assembly to undertake a masters’ degree programme. I [informant/interviewee] was also supported to do my first degree at the University of Development Studies. The Deputy Finance Officer was also supported to do his First Degree at Cape Coast. Even the out-gone District Coordinating Director was also supported by the Assembly to do his masters degree programme. There are other staff not necessarily at the top level who have also been assisted (key informant, Bawku West District Assembly).

The key question is whether DAs like Bawku West can continue to support their staff for higher academic degrees in case the central government directs them to take up fully the costs of such training programmes.

Besides the key personnel of the DAs, the key staff of related decentralized departments also had high qualifications and long service experiences. These were staff of decentralized departments like Education, Health, Town and Country Planning, and Community Development. While these staff were readily available in the districts, almost all of them had had tertiary education and had the needed expertise. However, unlike their counterparts in the DAs, the key personnel of the decentralized departments did not have frequent opportunities for refresher courses. This was typical of personnel in departments like Town and Country Planning, and Community Development, followed by those in Education. The staff of the Ministry of Health, particularly, were an exception to this situation. Also, staff of NGOs were found to be generally much better off in terms of exposure to in-service training than did the staff of the decentralized departments.

While the basic qualification of key staff of the DAs and the decentralized departments can be described as impressive, the Assemblies lack the services of specialist staff such as hydrologists, civil engineers, environmental economists, project analysts, etc. As a result of the absence of these specialized staff, donor agencies and other agencies seeking to partner the DAs always have to fall on the services of consultants in this regard. This, however, affects project costs and consequently the number of projects that can be implemented in a district. As a key informant of a partner NGO noted:

Like I said the district lacks [specialized] qualified staff. For instance, we do construction work in terms of water, household latrines, boreholes, and all those things. But, for instance, the District Assembly has not got any hydrologist or any person who can support donors in the water sector to see how best they can get any good yielding boreholes or hand-dug wells. So technically you go in to do all those things you have to struggle, and the money that you could have pumped into the project probably will end up hiring consultants. And that actually affect our work too.

While individual District Assemblies procuring the services of such specialized staff may find the cost far beyond their budgets, a solution could lay in adjoining districts...
pooling their resources to hire the services of such staff. The MLGRD could facilitate such a process.

3.2 Staff Performance Appraisal and Logistical Support

The combination of high academic laurels and on-the-job expertise commanded laudable appraisals from the respondents who were asked to appraise the performance and skills of the key personnel of the District Assemblies. Most respondents were of the opinion that their respective Assemblies have the capacity, and prerequisite skills for managing donor funds. The overall view was that majority of them [key staff] have worked in the water and sanitation sector for long time, and for that matter, they have the capacity of managing donor funds (key informant, Birim North District Assembly).

The interviewees of the decentralized departments rated the managers of their respective DAs highly. An average score of 85 per cent, or higher were given by the heads/key staff of the decentralized departments to the key personnel of the DAs on various management related criteria such as work quality, productive capacity, interest and cooperation, sense of responsibility, and interpersonal relationship. Other criteria included attendance and punctuality, organization of work, adaptability, leadership, desire to learn, and initiative. Typically, scores given for the administrative leaders of the DA on these criteria ranged between 50 and 90 percent.

Against the background of impressive human resource availability was the lack of logistical provisions, especially for most of the decentralized departments interviewed. These needs ranged from more and stronger/newer vehicles for the DAs, office accommodation for some of the decentralized departments, furniture and filing cabinets, to key necessities such as delivery beds and delivery kits, drawing boards, pencils, and printing machines for personnel of the related decentralized departments such as Town and Country Planning, and Health. In fact, nearly all interviewees said they needed more furniture. In addition, many requested for vehicles and motorbikes to enhance their mobility and the promotion of community work.

Typically, the Town and Country Planning District Offices lacked the essential necessities for their work, including the vehicles for outreach work in communities other than the district capitals, and also for supervision and monitoring of programmes. The district Community Development offices suffer similar lack to those of the Town and Country Planning. Typically, interviewees from these two decentralized departments complained of lack of adequate funding to them, which frequently translated into non-availability of key facilities and personnel such as typists and accounting personnel.

All the decentralized departments and agencies interviewed, particularly Health, Education, Community Development and Town and Country Planning, but also some of the NGOs said they needed middle level accounts personnel with the Higher National Diploma or equivalent qualifications. In the case of the District Health Service, for instance, they had sub-district offices and would appreciate having accounts personnel posted to such sub-district levels. In one health department, for
instance, orderlies had been given minimal training and turned into accounting personnel.

For almost all the districts visited, essential office and communication equipment such as computers, telephones, faxes and email facilities were non-existent and where they exist, are not functional. The situation is even more critical in the case of decentralized departments, where staff use their own laptops and cell phones and have to travel far to print their work and to use email facilities. In general, the most under-resourced units were the Towns and Country and Community Development Departments. The staff of these two departments, who were seen to be housed in the DA offices, typically relied on the DAs for their logistics and support personnel. This seemed to make them the most resource- and support personnel- (such as typists) needy and this has dampened their spirits. Personnel of these two departments also typically complained of being inadequately involved in the DAs’ programmes and activities. The following information given by three Town and Country District Planning Directors serve as evidence.

First District Town and Country Planning (DTCP) Director: The situation is bad. We do not have anything at all. Type-writing papers are all that we sometimes get from the regional office and the District assembly.

Second DTCP Director: 
I need a typist, a messenger and accounts personnel, and in terms of equipments, I need printing papers, drawing pens, set-squares and other stationery.

Third DTCP Director: 
Three drawing boards for four officers; one has none. There are no cupboards, and no machines for our printing. We have to do our printing in [a regional capital] or … [another regional capital] (names of these cities have been omitted for purposes of anonymity but are far from the district capital in question). We need more furniture.

On a lesser scale, it seemed the problem with vehicles for a few of the DAs was that the vehicles were assigned to personalities/positions rather than being in a pool mostly, and these persons did not do well to share the use of the vehicles with some of their counterparts for the tasks needed to be performed. As a key informant noted:

We have two strong vehicles but I can say it is one because the Chief Director’s vehicle is mostly occupied because they [Chief Director’s office] have a lot of work and do a lot of movements. The Coordinating Director is using the other one. The planner is also using his car, but if you look at the Deputy Coordinating Director, the vehicle they are using is an old one. The Budget Planning unit has no means of transport; the finance department has no means of transport. I would therefore request for two vehicles for now.

3.3 Needed Capacity Building

From the foregoing, the needed capacity building for the DAs interviewed is three-
fold. First, provision of some key essential logistics such as delivery beds and
delivery kits for health districts, drawing pencils, drawing paper and printing machines
for the Town and Country Planning Offices, as well as vehicles for implementation
and monitoring and evaluation were needed. Second, personnel training will have to
be undertaken for those who are already in the system, i.e., refresher courses to
equip already employed staff with the necessary skills, such as computer skills. Finally,
essential personnel will need to be employed and equipped to man certain key
positions, such as basic budget/finance/accounting personnel at some sub-
district level.

A related finding was that given the recent near-frequent carving off of certain already
established districts to form new districts, the existing supporting personnel
occupying some essential positions have been made to move on to fill the newer
positions in the newly created districts. Examples in case is the Birim North District,
an already resource deprived district, where basic accounting staff have had to be
moved to a near-by newly created district. A similar situation applies also to the
Akwapim North District. Second, some key personnel for the key decentralized
departments such as accounting personnel need to be trained and equipped to work
better. Finally, refresher courses are needed for staff of the decentralized
departments. These were specified to include training in computer software such as
spread sheets for the personnel, the use and handling of computers, and general
refresher courses.

It will be unrealistic for individual District Assemblies to attempt to recruit and retain
qualified specialized personnel (hydrologist, civil engineers, economists and project
analysts, etc) on unattractive conditions than those obtained in industry, banking and
commerce. A solution may be found in DAs of adjoining districts pooling resources
together to recruit such specialized personnel.

4.0 Procurement Procedures

4.1 District Tender System

Article 39 of the Local Government Authority Act 462 makes provision for the
establishment of the District Tender Boards. The Board has the District Chief
Executive (DCE) as the chairman and the District Coordinating Director (DCD) as the
Secretary. Other members of the Board are the Presiding Member, Chairmen of the
Works and Finance Sub-Committees, District Engineer, District Planning Office and
the Member of Parliament (MP).

The District Tender System as formulated under law provides in detail the tender
process and the evaluation of submitted bids for contracts and consultancy services
for District Assemblies. It also provides for the process of awarding contracts and
mandatory requirement for copies of minutes of the meeting at which a contract is
awarded shall be sent to the Regional Coordinating Council and the Minister of Local
Government.
4.2 Knowledge of Procurement Procedures

All Districts attested to the use of the prescribed National Procurement Act in procuring contractual services. Most of the officers interviewed, the District Coordinating Directors, the Finance/Budget Officers were found to be very conversant with the steps and phases of the process. The point was made of the existing dual tendering process—the Selective and the Open ones, depending on the type of project one is dealing with. While Selective tendering involves calling some good performing contractors to tender for particular procurement, the Open one entails a much more detailed procedure. Steps enumerated include: advertise the bid; contractor buys the form (one contractor allowed to buy one bid only) and submit their proposals; the Tender Committee opens the bid in the presence of bidders, both technical and financial proposals are then reviewed by an Evaluation Team, recommendations submitted to the Tender Committee for the selection of the best bidder.

In cases where the budget of a selected bidder is higher than the estimates of the district engineer, the bidder is called for negotiation to trim down and have a realistic budget for the bid. It was also learnt that the various Committees—District and Regional Tender Committees—have different mandates in approving budget levels (see Appendix C).

Fig. 2 A Flow Chart on the Procedures for Procurement
Varying timeframes were used by the districts for finalizing the procurement process. Majority of districts indicated 3-4 weeks as the procurement timeframe. However some districts thought it takes more time than that. The Akwapim North Coordinating Director, for example indicated 6-8 weeks taking into consideration the challenges that he enumerated later.

4.3 Challenges

A number of challenges were cited by the various categories of Assembly staff and the heads of key decentralized departments. The highlights are:

Advertisement:

All the districts and categories of staff cited the expensive nature of adverts and the fact that procurements are delayed due to financial constraint for advertisement:

One of the challenges is that we end up spending much more on adverts. Let us take it this way. DWAP is here, they are in Bawku, in Nayiru and they want to build a 3 unit classroom block in various communities. Instead of bringing them together in one contract we end up spending money for advertising for different contracts for all the communities. Assuming we spend even GhC500 for each advert it is a lot of money. We can quickly bring all the advert together to save cost.

(Key informant interviewee, Bawku West District Assembly).

The challenge has serious implication on the start time of projects, as reiterated by a District Finance Officer of a selected District Assembly: Sometimes when you want to advertise in graphic or times you need to pay upfront. The Assembly might not have the resources at the time they have to advertise. I observe one instance where we had to advertise in the Ghanaian times, we were asked to pay upfront, we were not able to, so the project delayed a bit.

The Process and capacity requirements:

Many of the districts thought the procurement process was too cumbersome and do not have the capacity to respond effectively. In the words of a key informant of Akwapim North District Assembly:

Sometimes you ask yourself whether it is worth it, looking at the cost, time and energy. You are supposed to draw procurement plan annually, but do not have the capacity to do it. Capacity building did not cover everybody, (here meaning those that are involved in the process) it is position specific and not skill building.

A related challenge mentioned by some District Planning Officers, is the time element in the context of other responsibilities. Many a time, procurement processes are delayed when the planning or budget officer is saddled with other duties.
**Availability of Committee Members:**

The Procurement Act requires the MP for the Constituency to be a member of the District/Regional Tender Committee. This implies the required presence of the MP when major decisions are being taken by the Tender Committees. In many instances, however, this is not feasible due to the heavy schedule and the fact that MPs spend a sizeable part of their time at the seat of government. This can delay processing and finalization of a bid and consequently the award of contract.

Another Committee member whose availability can be a problem is a lawyer. Not only are they few at the district level, but the few are most of the time not available when they are needed to attend Committee meetings.

**Caliber of Contractors:**

Districts are encouraged to work with local contractors for procurement. Most districts however, expressed concern about the caliber of contractors they are dealing with. While most of them were reported not to have the technical knowhow, a greater proportion of them lack the necessary equipment and tools. Consequently, their ability to bid competitively is low. The danger of picking the lowest bidder that does not have the capacity to deliver is real, particularly if the financial proposal alone is dwelt upon as the deciding factor. This is because the possibility of such bidders to quote below normal cost is high considering that they lack the technical expertise to appreciate the load of work and related cost.

**Lobbying:**

Lobbying was cited by DCEs and most assembly officers as a very intrusive and pervasive challenge faced by them in connection with procurement. Even though many contractors are aware of the procedures and the inability of DCEs and other officers to overturn the collective decision of the Tender Committee, they are virtually ‘harassed’ by contractors to ‘do something’. The push is great!

**Submission of three quotes/invoices:**

The procurement guidelines stipulate the submission of three invoices for the purchase of materials, equipment and supplies as a spending officer. This poses a lot of challenge since spending officers could spend lot more money in the form of petrol cost to seek for those quotes.

**4.4 Ways of dealing with the challenges**

In response to the above challenges, and following the principles underlying appreciative inquiry methodological approach, the research informants were specifically asked to share with the study team how they are dealing with or intend to respond to these challenges:

To effect timely advertisement, some districts request the donor for the particular project to support the advert. In situations where such request is not favourably
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responded to, the Assembly usually identifies other sources to fund the advert. In the Bolga Municipality, the Finance Officer informed of a special account that has been opened purposely to respond to such needs.

Despite the cumbersome procedures and required capacity, most of the districts thought it is the best way to go, looking at the value of transparency and the protection it gives to operational officers if only they abide by the rules. At times it calls for sensible compromises that need to be executed making sure none of the laid down rules are contradicted. However, majority of the assemblies thought the capacity of assemblies needs to be built, through the training of operational officers in the preparation of annual procurement plans. This should be done against the background that their supervisors have already benefitted from previous government and donor supported trainings.

Majority of assemblies deal with the challenge of unavailability of the MP at meetings by calling to ascertain his presence at an upcoming meeting and getting the approval to go ahead in his/her absence. Lawyers are usually called for advice on decisions when it is not feasible for them to attend meetings.

District Assemblies in the efforts to build the capacity of and improve competitiveness of local contractors usually increase their supervisory interactions and offer technical advice. Where appropriate, local contractors are encourage to pair up with regional and external contractors to bid for contracts. This they hope provides learning opportunities for local contractors to build their capacity, technically and resource wise.

In dealing with the harassment of contractors, we were told officers resist such “harassment” and rather insisting on transparency. To ensure accountability in terms of performance, contractors are required to submit bank guarantee before the award and the performance bond is invoked in case of non-performance, compelling the contractor to pay back some of the cost depending on the quantum of work yet to be done.

District officers admitted that submission of three quotes is a long standing logistics requirement even before the passage of the Procurement Act. Its usefulness in strengthening the system however, is yet to be attested.

5.0 District Assemblies’ Capacity for Financial Management

In assessing the financial management capacity of the selected District Assemblies, the Consultant focused on the manpower available for financial management as well as the management system being operated. This process also entails the review of the existing financial management to highlight the accounting and internal controls.

5.1 Review of Existing Financial Management Framework

The financial management framework of District Assemblies in Ghana is anchored within legal structures notably the 1992 Constitution and the Local Government Act, 1993 (Act 462). It also includes the Financial Memoranda for District Assemblies,

1992 Constitution of Ghana

Chapter 20 of the Constitution deals with decentralization and local government in Ghana. It notes that Ghana shall have a system of local government and administration which shall as far as practicable be decentralized. Among others the Constitution requires that ‘there shall be established for each local government unit a sound financial base with adequate and reliable sources of revenue’ (Article 240, 1c).

To fulfill the resource allocation objectives of local government units under the Constitution, the District Assemblies’ Common Fund (DACF) is set up in Article 252 of the Constitution. The article (252) requires the appointment of the Administrator of the Common Fund by the President with approval by Parliament. The Administrator of the Common Fund administers and distributes the Fund based on an approved formula by Parliament, and also reports on the utilization of the Fund to the Ministry of Local Government and Rural Development (MLGRD).

In order to ensure accountability and transparency in the use of the DACF, Article 253 of the Constitution appoints the Auditor-General to audit the accounts of the District Assemblies. It notes specifically that ‘the Auditor-General shall audit the accounts of District Assemblies annually and shall submit his reports on audit to Parliament’.

Presently, the DACF which was established in 1994 has become the main or the major instrument through which government transfers funds to assist the District Assemblies for development. The facility accounts for overwhelming proportion of the total revenue or funds for District Assemblies. As a result of this situation, internally-generated revenue (IGR) represented only 14 percent of total revenue of District Assemblies in 2006. Of the 138 District Assemblies in 2006, only 44 Assemblies had the percentage of their IGF about average (14 percent) or higher, with most District Assemblies having single digit percentages. This situation has been described by various analysts and the Ministries of Local Government and Rural Development and Finance as undesirable.

It has been argued that the IGF situation of most DAs could be improved significantly if the DAs could adopt a pro-active attitude towards internal revenue mobilization as well as the institution of credible revenue accounting procedures – a point highlighted in sub-section 5.3 of this report. As a key informant of the Tamale Metropolitan Assembly noted the Assembly currently collects only a tenth of its IGF potential.

Local Government Act, 1993 (Act 462)

To regulate the local government system as mandated by the Constitution, the Local Government Act, 1993 (Act 462) has been promulgated. In order to allow District Assemblies to discharge their functions regarding financial management, Act 462 contains provisions on revenues, expenditures, accounting, internal and external audit. Here, we review the relevant portions of Act 462 as they deal with the financial management of District Assemblies.
Revenues

Act 462 provides in specific terms the financial appropriation between central government and the DAs. Under the Act, the sources of revenue for DA can be divided into local or internal sources and external or central government transfers. The locally generated revenue sources include rates (basic rate, property rate, and special rates levied for specific projects); fees (slaughter houses, market stalls, trading, kiosks); fines (revenue derived from penalties imposed for non-compliance to by-laws of the Assembly, e.g. unauthorised or illegal development of land, not observing sanitation/hygienic codes, etc); licenses (revenues derived from the issuance of dogs license, hawkers’ license, hotels, beer and wine sellers, fuel stations, lorry parks, self employed artisans, etc) and; trading services (revenues derived from trading activities undertaken by the DAs) and; other miscellaneous sources (include holding of fund raising activities, donations from residents and non-residents of the districts). Others include casino revenue, betting tax, entertainment duty, gambling tax, income tax (registration of trade, business, profession or vocation and income tax payable by specific categories of self-employed persons in the informal sector), daily transport tax and advertisement tax. However, in many districts these sources of revenue are either inadequate or poorly developed due to the general poverty level and underdevelopment of infrastructure and services.

DAs’ external sources of revenue are transfers received periodically from the central government. Central government transfers include grants-in-aid, recurrent expenditure transfers, District Assemblies’ Common Fund (DACF) and specialized transfers (mainly royalties of land, timber and mineral exploitation). The DACF introduced in 1994 has become the major source of revenue available to DAs.

Loans and Expenditures (Articles 87-89 of Act 462)

Article 88 of Act 462 notes that a District Assembly may borrow or run a bank overdraft not exceeding ¢20 million (Gh¢ 2000). However, any amount exceeding this figure requires the pre-approval of the Minister for Local Government.

On expenditures, Article 87 of Act 462 provides that the Assembly can only incur expenditure either with its own funds or with funds from the DACF if such expenditure is included in the Assembly’s budget for the relevant year. Article 89 notes that funds may also be invested in Ghana Government treasury bills or in other investment as may be approved by the Assembly’.

Accounts

Article 90 of the Act provides that a District Assembly shall ‘keep proper accounts and proper records in relation to them and shall prepare immediately after the end of each financial year a statement of its accounts in such a form as the Auditor-General may direct’. In accordance with Article 86, the Assembly ‘shall open and maintain a bank account for all revenues and other monies raised or received by it under this Act [462] or other enactment’.
Audit

Parts IX and X of Act 462 has provisions for internal and external audit. According to Article 120 (1) of Act 462, ‘Every District Assembly shall have an Internal Audit Unit’ with its head being ‘responsible to the Assembly in the performance of his duties’. The Auditor-General is also mandated by the Act to examine the financial operations of the Assembly and prepare quarterly reports for presentation to the Presiding Member with copies to the Minister, DCE and the Regional Coordinating Council.

Regarding external auditing, Act 462 provides that the Auditor-General or an auditor appointed by him shall audit the accounts of the District Assembly and make a report to the Minister of Local Government, District Assembly and Parliament. It notes that any irregularities should be mentioned in the report. The Auditor-General may also recommend that certain improperly incurred expenditures included in the Assembly’s accounts may be charged to staff or parties. Such sums may be recovered through a civil law suit.

Act 462 mandates that the Assembly publishes its audited accounts three months after the end of the year or when they are received from the Auditor-General.

Budgeting

Article 92 (1) of Act 462 notes that ‘Every District Assembly shall before the end of each financial year submit to the Regional Coordinating Council a detailed budget for the district stating the revenue and expenditure of the District in the ensuing year’. Such a budget should be a composite budget which covers the revenue and expenditure, both capital and recurrent of all departments of the Assembly.

To raise revenues to be used to incur expenditure for the Assembly’s operations, Part VIII of Act 462 makes provisions for the determination of rates and fees.

Review of the Financial Memorandum (FM) of District Assemblies

The financial management system of the District Assemblies is based on the instructions contained in various sections of the Financial Memorandum (FM) of District Assemblies, 2004 and the relevant parts of the Local Government Act, 2003 (Act 462) dealing with the financial matters of District Assemblies. The FM deals with the duties of the District Finance Officer and the role of the Finance and Administration Sub-Committee, rate/revenue collectors and storekeeper of the Assembly.

The FM spells out the monthly, quarterly and annual duties of the Finance and Administration Sub-committee of the Assembly which among other duties is to ensure that books of accounts are up to date, and that cash and bank balances are not excessive in relation to investment. The Committee is also required to match approved expenditures with revenues and to make request for supplementary funds when necessary. Other duties include the protection of the Assembly’s interest in property valuation matters, investigation of losses and considering audit reports and reporting on them to the Assembly. Other Committees of the Assembly may refer any financial matters to it for consideration.
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Annually, the Finance and Administration Committee reviews draft estimates submitted by the District Finance Officer for recommendation and submission to the Assembly.

While the other legal instruments on financial management of District Assemblies provide in broad terms the offices and structures which are required to be in place, the FM provides in detail the duties and functions of the offices established, and the internal processes and procedures. The FM covers various internal financial matters such as the following:

- Financial Duties of District Finance Staff and Finance Sub-Committee
- Surplus Balance and Accumulated Surplus Balance
- Capital expenditure
- Rates
- Estimation of annual revenue and expenditure
- Control over expenditure
- Cash account
- Cash receipts
- Cash payment
- Cash and banks
- Loss of funds and stocks
- Stores and transport

The accounting system as contained in the FM is cash accounting. Under this system, Revenue Cash Book, Expenditure Cash Book, Revenue and Expenditure Ledger and Petty Cash Book are the main books of accounts maintained. Others include Register of Contract, Vouchers, Salaries Extract, Fixed Assets, Stores and Value, and Security Books. A key strength of the FM is that it ensures that Assemblies will operate with a balanced budget and the District Finance Officer had powers to ensure that all payments authorized are within budget.

It can be stated that taking the provisions of the Local Government Act, 1993 (462) and the FM together, there are a number of internal and external systems in the existing legislative regarding financial management of District Assemblies. The FM provides details of the functions and duties of the District Finance Staff and the Finance Committee of the Assembly. In addition, it provides detail guidelines on surplus balance and its utilization; control over expenditure; cash receipts and payments; checks against loss of funds and stocks; procedures for the opening of bank accounts, overdrawing of accounts, cheque deposits, preparation and signing of cheques, custody of cheque books; storekeeping, etc.

The details of the FM regarding the accounting and internal controls of the financial management of District Assemblies is further strengthened by the provisions in the Local Government Act 1993 (462) on financial matters. In particular, provisions in Act 462 on accounting, auditing (internal and external), publication of Assemblies’ financial position, tender system and procurement of contract, and budgeting provide a good framework for sound financial management of District Assemblies.

5.2 District Specific Capacity for Financial Management
As already noted, we assessed the study districts with regards to their capacity for financial management based on an Assembly's manpower available for financial management and the financial management system in place. In addition, a review of auditor reports on specific projects undertaken by the Assembly and its decentralized departments provides pointers regarding the financial management capacity of a District Assembly.

The selected study Assemblies are assessed on the basis of staff qualification, overall staff skill rating and lapses reported in audit reports on specific projects. It must be noted that for all the study District Assemblies, financial managers, District Finance Officers (DFOs), who are in-charge of the whole financial administration and management of District Assemblies were at post (see Box 2 for the functions of DFOs). Hence, for assessment purposes the presence or otherwise of DFOs and DBOs was not considered as a criterion. However, what account significantly was the qualification of the various DFOs and DBOs. As such, the quality of staff at post and skill rating by staff of decentralized departments and partners NGOs were used as major criteria for the assessment of local capacity for financial management.

Specifically, in assessing local financial management capacity the study team was of the view that the possession of a degree or diploma in accounting related field or the intermediate stage of any of the accounting professional qualifications for the DFO is the minimum threshold for financial management. Any qualification below this minimum threshold for the DFO position was considered very unsatisfactory.

On the minimum qualification for the position of DFO, our field study revealed that all the DFOs in the selected study districts have the requisite qualifications (see Table 1). In addition, almost all the DFOs have undertaken numerous training programmes in the last three years in the areas of procurement, financial management, etc.

**Table 1: Educational Qualifications of District Finance Officers of Selected District Assemblies**

<table>
<thead>
<tr>
<th>District</th>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birim North</td>
<td>Bachelor of Science in Administration (Accounting)</td>
</tr>
<tr>
<td>Akuapem North</td>
<td>Executive Masters in Public Administration (Finance)</td>
</tr>
</tbody>
</table>
The second assessment of the district financial managers’ capacity was to assess the performance of the DFOs as seen through the eyes of key staff of the Assembly (DCE, DCD, DPO, and leader of Water and sanitation team), heads/key staff of decentralized departments and partner NGOs. Thus, during field interviews, key informants including key staff/heads of the decentralized departments and partner NGOs were asked to rate the skills and performance of the key staff of the Assembly (including DFOs) on basis of several criteria as provided in Table 2. The score per each criterion of the rating was between 10 (very poor) and 100 (excellent). The results of the rating score is presented in Table 2.

Table 2: Performance and Skills Rating of District Finance Officers of Selected District Assemblies

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Average Score of DFOs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Birim North</td>
</tr>
<tr>
<td>1. Work Quality</td>
<td>75.65</td>
</tr>
<tr>
<td>2. Productive Capacity</td>
<td>65.70</td>
</tr>
<tr>
<td>3. Interest &amp; Sense of Interpersonal</td>
<td>80.65</td>
</tr>
<tr>
<td>4. Organization of Work</td>
<td>76.75</td>
</tr>
<tr>
<td>5. Attendance &amp; Adaptability</td>
<td>60.65</td>
</tr>
<tr>
<td>6. Leadership</td>
<td>75.70</td>
</tr>
<tr>
<td>10. Desire to Learn</td>
<td>70.65</td>
</tr>
<tr>
<td>11. Initiative</td>
<td>65.60</td>
</tr>
<tr>
<td><strong>Average score</strong></td>
<td><strong>70.66</strong></td>
</tr>
</tbody>
</table>

Overall, Table 2 shows that the DFOs were rated high by their respective heads/key staff of decentralized departments. In addition, the other key staff of the Assembly namely, the DCE, DCD, DPOs, DBOs and the leader of the DWST team were rated high as earlier noted in sub-section 3.2. This implies that the district fund managers and the other key staff of the Assembly are generally seen to be performing creditably by the heads of decentralized agencies. Nevertheless, a number of key staff/heads of decentralized departments could not rate the skills and performance of key staff of their respective District Assemblies for a number of reasons; most notably being limited engagements with the Assembly due to their continuous strong attachment to regional and national headquarters – a point already highlighted in Section 2 of this report.

Already in all the districts, a number of donors and funding agencies are present. Typically mentioned in these instances with respect to water and sanitation,
besides WaterAid Ghana, were DANIDA, CIDA, World Vision, CODI, DFID, EU, Community-based Rural Development Program of the MLGRD. In addition, the Assemblies have partnered with a number of NGOs particularly in the areas of water and sanitation, good governance and institutional strengthening, HIV/AIDS, health especially safe motherhood, child labour, education, etc. These engagements with donor agencies and NGOs over the years have served to provide the District Assemblies with the discipline regarding the financial management of donor funds. As the District Coordinating Director of Akuapem North District Assembly noted … when you are managing donor funds you have to be disciplined. This is because they [donors] come with a number of conditions. These conditions allow you to be disciplined in your management and finances. This is a view which was generally accepted and recognized in all the interviews with all the stakeholders. Again, an observation from a key informant at the Tamale Metropolitan Assembly:

… because we have been managing funds like the Common Fund in billions, look at the EU funds also in billions not to talk about the UESP project funds. So we have no problem with our financial management systems. This is because we are very religious with the principles of any donor funded project because we know that they [donors] also have their rules and regulations so we apply these strictly vis-à-vis our own rules or MOU [Memorandum of Understanding].

Despite the high caliber of financial managers at post in the selected District Assemblies and the high rating performance and skills of the key staff (including DFOs) by the heads of decentralized departments and partner NGOs, a number of lapses can be observed in the audit reports on specific projects carried out by the District Assemblies as well as the decentralized departments. These lapses include the following:

- Inaccurate costing of projects resulting in cost overruns
- High cost of project inputs or materials
- Lack of pre-auditing of payment vouchers due to the absence of the Internal Audit Unit of the Assembly or the sidelining of the Unit by spending offices
- Poor documentation of official payments and receipts;
- Non-updating of fixed assets register to allow for the determination of the dates and values of assets purchased vouchers

In addition, annual reports of the Auditor-General and the Accountant General have revealed a number of lapses regarding the financial performance of the District Assemblies. These commonly identified lapses are listed in Box 3. Other less reported lapses include illegal payments to Assembly Members; non-observance of purchasing procedures; unaccounted fuel and vehicle bills; failure to pay rent on government rented premises and; materials loaned to individuals and companies.
These reported lapses in the financial performance of District Assemblies tend to weaken the financial resources of the Assemblies. In addition, it creates a situation whereby community members feel reluctant to contribute to the financial base of the Assemblies.2

5.3 Revenue Mobilization Capacity

As noted in the Local Government Act, 1993, District Assemblies derived their revenues or funds for the implementation of their development plans from two main sources: internally-generated funds (IGF) and externally-generated grants (mainly DACF and other government of Ghana grants, and donor grants). As noted under sub-section 5.1 of this report, the DACF is the main source of funds for the District Assemblies.

While the DACF is recognized as the key source of funds for District Assemblies, an emerging trend highlighted in interviews with key staff of the Assembly is the delays in the release of the Fund. This disrupts the schedules prepared by the Assemblies for the implementation of their development plans, resulting in increased costs of projects. Another dissatisfaction expressed is the frequent large deductions made on the DACF at source for various expenditures by the MLG&RD. As a key informant at the Bolgatanga Municipal Assembly noted:

*I think 70 percent, if not more, of our projects are solely dependent on donors. Because, that of the state … the Common Funds [DACF] come quarterly and sometimes they come with statutory deductions [and therefore less funds reach the Districts]. At the end of the day what comes is so small for the Assembly to carry out any meaningful activity or undertake a physical project. So, what happens is that even if you are going to carry out a physical project (meaning in the quarter) you will have to spread it over. As such for the whole year you just have only one or two projects.*

Another key informant added that:

*... I see the problem as zero mobilization … . But the district is not a very a vibrant institute when it comes to business. There are a lot of commercial activities going on but I do not think that we [Assembly] are collecting the necessary taxes as we used to do…. If you look at those who also collect the market tolls, they are people who have been left for a long time [to do their own thing]. They have become useless. They [Assembly] do not give some of them the tickets, yet they collect the monies. These are the things that we see. The District Assembly should be very active in mobilizing these people [Revenue Collectors] because you can only develop if you have been able to mobilize some funds.*

The performance of the Assemblies in terms of internally-generated revenue has been very poor. This situation is even poorer in the selected study District Assemblies as revealed in Table 3.

**Table 3: Total Internally-Generated Fund and Total Grants of Selected DAs, 2006-2007**

<table>
<thead>
<tr>
<th>District/Year</th>
<th>Total IGF</th>
<th>Total Grants</th>
<th>Total Revenue</th>
<th>% IGF to Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akuapem North</td>
<td>976,976,192</td>
<td>7,409,193,33</td>
<td>8,386,883,68</td>
<td>12</td>
</tr>
<tr>
<td>Birim North</td>
<td>1,025,519,81</td>
<td>15,118,803,43</td>
<td>16,144,323,25</td>
<td>6</td>
</tr>
<tr>
<td>Bolgatanga Municipal</td>
<td>1,092,304,36</td>
<td>16,070,630,55</td>
<td>17,162,934,91</td>
<td>6</td>
</tr>
<tr>
<td>Tamale Metropolitan</td>
<td>1,799,709,14</td>
<td>28,457,946,74</td>
<td>30,257,655,88</td>
<td>6</td>
</tr>
<tr>
<td>Bawku West</td>
<td>430,521,156</td>
<td>9,883,674,75</td>
<td>10,414,195,90</td>
<td>4</td>
</tr>
<tr>
<td>Gushiegu</td>
<td>380,923,130</td>
<td>15,588,776,58</td>
<td>15,969,699,71</td>
<td>2</td>
</tr>
</tbody>
</table>

As Table 3 indicates the proportion of internally-generated funds to total revenue is very low in all the six study districts. Only Akuapem North District Assembly had 12
percent of its IGF to total revenue in 2006, with 6 percent for Birim North, Bolgatanga Municipal and Tamale Metropolitan Assemblies. The percentage of IGF to total revenue was 4 percent and 2 percent for Bawku West and Gushiegu District Assemblies respectively. In fact, analysis of District Assemblies’ internally-generated funds to total revenue in 2006 revealed that the Gushiegu and Bawku West District Assemblies were among the 20 worst performed Assemblies for the year.

The inability of District Assemblies to generate a significant proportion of their revenue from internally-generated revenue sources has been attributed to a number of factors. These include the low level of development and high poverty levels in many districts resulting in narrow revenue base; inadequate logistical support; ineffective financial accountability and; the lack of data on potential revenue sources. However, interviews with key informants in the selected districts suggest that the lack of accountability and transparency as well as motivation on the part of revenue collectors in respect of ticketing of levies, rates and fees account largely for the low IGF. As a key informant at the Tamale Metropolitan Assembly noted:

> We are using Revenue Collectors who are on government’s [Assembly] payroll and so whether they collect the money or not, they [Revenue Collectors] take their salaries. A survey we [Assembly] conducted revealed that in a month, a Revenue Collector collects only Gh¢ 10.00 or Gh¢ 20.00 which is more than their monthly salaries. And this is not motivating enough.

> Also, the system [revenue collection] is full of leakages because of the long stay of these Revenue Collectors and they know how to manipulate the system. So we are having a lot of problems with the internally generated fund. Besides, we are not collecting even a tenth of our potential. In a year, we collect property rates of one to two billion whiles in real sense we could have collected about ten to twelve billion. We are bringing in more private operators to assist and be given a commission. We tried it before and it did not work because of some administrative problems and we hope to rectify it this time.

Low IGF of District Assemblies has serious implications in terms of the financial capacity of Assemblies to provide counterpart funding and the overall development of districts. It is therefore no wonder that the issues surrounding counterpart funding and its stressful impact on the financial resources of Assemblies were stressed time and time again by several key informants of the Assemblies. While many appreciated the importance of providing counterpart funding to top-up whatever funds are coming from donors for the purposes of sustainability and owning up of projects, many also acknowledged that it could serve the District Assemblies very well if the practice could be abolished or done away with.

In this direction, the District Wide Assistance Project (DWAP) funded by the Canadian International Development Agency (CIDA) was cited as a model project which should be adopted by donors (see Box 4). Based on Project Operational Plan (POP) and MOU with CIDA, District Assemblies are required to submit proposals with accurate and detail costing of project items. Once a project proposal is accepted by the DWAP Secretariat full funding is provided to the Assembly with no counterpart or top up funds from the Assembly.
5.4 Financial Management Reporting Format

Existing financial administration regulations of the District Assemblies provide the financial management reporting schedules and format for districts. As part of the functions of the DFOs, staff of the District Finance Office provide monthly and annual accounts and statements to the Auditor-General and the District Assemblies. In addition, Project Operational Plan (POP) and signed MoUs of specific projects indicate in clear terms the financial management report schedules and formats. Such project financial management reports are conducted on monthly and quarterly basis. Interviews with DFOs and other key staff of the study District Assemblies show that the Assemblies prepare monthly or quarterly reports on projects as required by the POP and MoU. These financial management reports are in most cases required before tranches of funds are released for the continuation or completion of projects. The financial reports are submitted together with project reports to donors for easy tracking of usage of funds. Providing detailed examples of these reports is difficult as these reports are supposed to be confidential and in-house documents.

Asked whether the reporting schedules and formats of donors are different from central government, the general view was that they are basically the same. However, for the purposes of avoiding mistakes and doubts, donors always organize workshops and orientation sessions where project staff of District Assemblies are taken through the financial management and reporting procedures of the donor in question. Such fora also provide opportunity for the project staff to comment on and

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**Box 4: DWAP: A Success Story?**

With DWAP we really appreciate their timely release of funds; and everything is paid up front. As such, when a district falls short, it is sanctioned. There is nothing like counterpart funding and that is why we are so grateful about DWAP. What delays most projects is request for counterpart funding as a means of owning up the project. In cases where communities/beneficiaries cannot afford their share of the project cost as required, the Assembly must provide this contribution. We rely on our Common Fund which is not released on time. DWAP actually realized that this was a major hindrance to the implementation of projects. At the end of the day, they want projects completed and put to use.

… EU micro-projects require contribution by communities and use of local artisans; meaning communities must provide labour and other support, and this is not an easy task. The fact is during sensitization phase of the project, they will agree but when it comes to the execution then you see them drawing back. You call them to come out to work and you will never find anyone, and when they do, they expect you to pay them… They think donors have given us the entire required funds for the project, and we are refusing to use the funds but rather trying to use them. [This is even more difficult in situations where] another community gets a project which is contract-based. They do not understand why they should be working while the contractor works for the other community.

Source: Key informant interviewee, Bolgatanga Municipal Assembly, December 22, 2008.
assess the feasibility of a proposed financial management reporting process vis-à-vis the financial administration regulations of the District Assemblies as codified in laws and regulations:

… before we start any project or programme, the donors train us for two or three days on how they want us to manage their funds and how the project should be implemented. During the training, if there is something that we do not understand clearly, or we feel that it contradicts the financial reporting format in the country, we draw the attention of the donors to this. (Key informant interviewee, Birim North District Assembly, December 30, 2008).

In addition, the District Audit Service undertakes routine internal audit inspection and monitoring of the financial transactions of the Assemblies and the decentralized departments. Reports from such routine internal audit inspections and monitoring are forwarded to the Assembly and the relevant decentralized department for their comments and necessary actions.

A typical monthly or quarterly report as was shown to the study team by the various Assemblies visited is provided in Table 4. To this will be added the narrative of the funds received, works undertaken, observed comments on the physical project sites inspection, and income and expenditure statement.

Table 4: Physical Progress Reporting Format of Typical District Assembly Donor Projects

<table>
<thead>
<tr>
<th>Project Title/Type</th>
<th>Location</th>
<th>Sector</th>
<th>Name of Contractor</th>
<th>Contract Sum (¢)</th>
<th>Date of Award</th>
<th>Expected Completion Date</th>
<th>Actual Completion</th>
<th>Project Status</th>
<th>Remarks/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There was a general consensus that these monthly and quarterly financial reports are sent to both regional and national secretariats of the funding agencies. In addition, the reports are copied to the MLGRD and the Controller and Accountant- General’s Department regarding all the funds sent by donors to the Assemblies, and how these funds have been used. Copies of the report are made available to both internal and external auditors. There was a general agreement that this reporting procedure has worked very well.

5.5 Suggested Ways of Dealing with Financial Management Capacity Challenges

The overall general view shared by the study participants is that the selected District Assemblies are ready to work with WAG. They indicated that they have the capacity based on their human resources and experiences acquired over the years dealing with other donors.
In line with our methodological approach of appreciative inquiry, research participants were asked to indicate what needs to be done to improve the existing financial capacity of the Assemblies. Responding to this question, participants shared salient points on how to deal with the existing financial challenges:

- Need for key staff of District Assemblies and decentralized agencies to be oriented on the signed MoU and the joint development of a Project Operational Plan;

- Key staff of the Assembly would have to be oriented on the financial management and reporting format of WAG in order to avoid doubts and mistakes and;

- If possible, WAG should completely do away with counterpart or top up funding. However, if counterpart funding is to be required as a basis of project implementation, then terms and conditions regarding this should be thoroughly discussed with each District Assembly, and the case of each Assembly considered on its own merits.

- WAG should consider it prudent to motivate project staff of the Assembly and the decentralized departments to allow them to give off their best. In the view of many informants, this is likely to enhance project implementation and outcomes.

6.0 Partner NGOs and Decentralized Departments’ Perspectives

6.1 Assessment of District Assemblies’ Readiness

All the heads/key staff of the decentralized departments and agencies and NGOs interviewed in all the districts studied were full of praises for the contributions of their respective District Assemblies towards the socio-economic development of their respective districts. On the whole, they thought that the DAs had made positive improvements in the livelihoods of the members of their respective communities.

However, key staff of decentralized departments and NGOs were quick to point out certain factors which have impeded the operations of the Assemblies, and hence, their contributions to the development of their respective districts. Listed in a descending order of importance based on the frequency with which these factors were mentioned are the following:

- Politicization of development projects and programmes of the districts with its associated divisive and potential stagnating tendencies;
- Inadequate IGF mobilization;
- Late release of funds to the DAs/decentralized departments;
- Frequent change/transfer of DA key personnel, such as DCDs, DFOs, DCEs, DBOs, etc;
• Poor sharing of resources/leaving out the marginalized in the communities, and/or focusing certain developments in the rural areas to the neglect of urban areas within districts. Improvement of water supply was pointed out as a typical case;
• Improper acquisition of land-related resources;
• Improper supervision (and demarcation) of land-related resources by the Assembly and;
• Inadequate involvement of traditional leaders in dealings with donors and the Assemblies

On the issue of the readiness of the District Assemblies to receive and manage donor funds, the general view from the decentralized departments and NGOs was that their respective DAs have the capacity and competency to effectively utilize and account for donor funds. Primarily, respondents supported their view by the fact that all the DAs already had donors providing funds to them, and also, they thought that the DAs had credibly accounted for the respective donor funds. In addition, they noted that the existing financial management as provided under the various legal instruments regulating the functions of the DAs provide the necessary framework for managing donor funds:

I have been in the district for some time now. We have heard of financial misappropriation in many districts; served in many districts where the District Finance Officers run into problems. I have not heard that in this place [district]. I am confident that the District Assembly is one of the organizations that can manage funds effectively. The systems [structures] are in place; the checks and balance are there and not one person can sit down and be able to misappropriate money because there are processes to pass through before funds will be released. And the due processes are there and they [Assembly] are always following them.

Another key informant added:

I think they [Assembly] are prepared and they can manage funds if they get the opportunity… if an organization has something to hide, it would not open its doors. Why? Outsiders will come in to find out how they are working. But once they [Assembly] are ready to open up their doors, give us their files, give us reports on how much funds have come to the district, and how they are being utilized, I think that they are prepared [to receive funds from donors].

In the Eastern Region, for example, the Eastern Regional Director of the Community Water and Sanitation Agency (CWSA) ranked the Akwapim North District and the Birim North District second and third, respectively, amongst 15 DAs in the Eastern Region in the assessment of DA performance in the district-based water and sanitation component of the fourth quarter of 2006. Again, in the regional CWSA’s assessment of four DAs making ‘Zone One’ of the Water and Sanitation groupings in the region, the Akwapim North District was adjudged the best. For the second quarter
of 2007, the Akwapim North District Assembly placed a tie of 11th and 12 (tying with Atiwa District Assembly), while the Birim North DA placed 13th amongst 17 districts in the region by then. The high performance of the two districts chalked in 2006 compared to 2007 was not due to the poor performance but other districts catching up with them.

The evaluation criteria included personnel and management, reporting, operational and logistical support to the District Water and Sanitation Teams and environmental health agencies. Other evaluation criteria included works/service procurement, and financial management and mobilization.

In the northern districts assessed, similar comments were obtained from the key staff of the Assembly as well the partner NGOs and decentralized departments. For instance, the Bawku West and Bolgatanga Municipal Assemblies were rated high in an assessment by the DWAP secretariat.

As heads/key staff of the decentralized departments and agencies of the Assembly and NGOs heads who interact on frequent bases with the Assembly, they were quite familiar with the key staff positions of the District Assemblies who were responsible for managing donor funds. They indicated the DCE, DCD and the DFO as the signatories to the accounts of the Assemblies. In addition, majority of the respondents were also familiar with the processes the DAs go through to receive and manage donor funds. This supported the disbursement procedures as narrated by the Assembly staff.

Nevertheless, compared to the decentralized departments, the WATSAN partner NGOs seemed more conscious of financial management procedures, based on the premise that since their paychecks were not guaranteed, unlike the governmental departments, they needed to take extra care of donor funds and all monies allocated to them, to enable them sustain their operations:

*With the NGOs, we are interested in the perfect utilization of funds because as an organization, if you make a mistake, then you are digging your own grave. So we have put systems in place; we have financial manuals that we operate with, and we have procedures to follow before monies are released. We also have a system in place limiting the amount one can sign for. For me as a Project Coordinator, I can only approve spending up to 10 million cedis [Gh¢ 1000]. For any amount above 10 million cedis, I have to seek the approval of my Council Chairman. So these are areas we are putting in place. For any approval to be made, the request is made by the officer intending to use that money or to implement that business to the Coordinator and the Coordinator refers it to the Finance Officer to review it to show that there is enough money in the system for that intended purpose. Now he releases it to the Coordinator either saying yes, there is money but I am reviewing it for this amount or yes there is money and the amount that is requested is okay. And based on that, the Coordinator will now approve for the Finance Officer to write a cheque to that amount requested for the implementation of the project (A northern Ghana WATSAN NGO programme officer).*

The entire partner NGOs interviewed were of the view that the existing financial framework on sourcing, utilization and reporting on WAG’s funds arrangements with
WAG should form the basis of the financial arrangements between WAG and the DAs. In the view of the heads/key staff of the partner NGOs, this will effectively prevent the misappropriation and other lapses in financial.

Again, unlike the decentralized departments, the partner NGOs were more concerned about the low level of IGF of the Assemblies. Or put simply the inability of the Assemblies to raise more revenue from their internal operations – a point highlighted in sub-section 6.3 of this report. Some NGO informants were of the view that this situation could worsen with the DAs receiving more funds from WAG and other donors (they knew, among others, that DAs were required to raise counterpart funds to the Governments). They also contended that unless stringent measures are put in place there is the danger of the DAs misapplying funds from WAG. The view of a key partner NGO informant captures this:

*Currently you could see the District Assembly’s capacity in generating internal revenue is very poor. And so they depend solely on the Common Fund or other donors…. You would not be surprised [the Assemblies financial management] is like ‘cut and paste’. When they [Assemblies] know that they have donor funds somewhere in their accounts and they have a pressing issue which could have been taken care of by either the Common Fund or internal generating fund which actually is not available, there is the temptation to use that donor fund. And so, that creates a lot of problems. It boils down to the flow of funding to the District Assembly. If the flow, especially the Common Fund delays, that puts the District Assembly in a straight jacket. [And at such] times they [Assemblies] have no option but to go for the specific donor funds to take on board certain project activities, [and then] wait for the Common Fund to come and [replace] it.*

The key partner NGO informants were also of the view that WAG should spell out clearly the relationship between the NGOs and DAs. This is because the existing MoUs between WAG and the DAs do not clarify the kinds of arrangement which should exist between the partner NGOs and the DAs – a situation which was confirmed by an interview with a senior official of WAG. In the view of a partner NGO:

*The expectations are that once the MOU is signed… there should be very clear understanding of the roles of these two [DA and partner NGO] otherwise it could lead to conflicts. Because the District Assembly [may think] the funding is for them [Assembly], and we coming with an NGO point of view [would insist] that the funding is for the community and we want to ensure that the money is actually utilized [for the purpose] it is meant for. So sometimes you could have a conflicting interest in the funding as in this MOU. So I will say that one, I expect WaterAid to strengthen the capacity of the District Assembly and even the partner organization (PO) to take up this initiative.*

### 6.2 Expectations from Donors

Overall, heads/key staff of the decentralized departments and partner NGOs were of the view that some conditionalities should be agreed upon between donors and the DAs to enable the latter to be more prepared to manage donor funds effectively and
efficiently. Amongst others, they expected that donors would involve traditional leaders to ensure optimum cooperation in the respective areas to enable the donor support effectively serve the purpose of the communities involved. They explained that traditional leaders owe lands in the communities and if they are involved, they will readily release lands for developments projects. Additionally, it was explained that traditional leaders are in a position to rally the communities to support donor projects, while the DAs cannot. They also expected the following:

- Donors to spell out their conditionalities clearly and without any ambiguities
- Guidelines from donors for use of the monies should be captured in manuals
- Effective monitoring and evaluation of projects from inception to completion
- Timely release of funds
- Commitment to what donors promise
- Training of personnel and provision of related logistics
- Community involvement in deciding on and citing of projects to facilitate the process of community ownership of Projects (project sustainability was not mentioned)
- Financial remuneration for DA personnel managing donor projects (top up salaries to them, from the Projects)
- Provision of needed logistical support such as mopeds (motorbikes) for use in monitoring programs, and fuel for vehicles.

In the view of the NGOs and decentralized departments’ informants, spelling out clearly the conditionalities allows the parties to be aware of what is expected of them. In the view of a key informant of a partner NGO, such conditionalities have allowed his organization to effectively manage funds received from WAG: we have the unit heads, at the end of the quarter you know what you budgeted for and know what you have spent. You do not go beyond this. You make sure you plan and go according to the budget and not just do whatever you like.

In the view of the interviewees, best practices dictate that the DAs can best manage donor funds when the following qualities are in place/conditions are ensured:

- Innovative Coordinating Directors who show initiative
- DCEs who are humane and have good human relationships
- Transparency and accountability
- Supervision and support
- Proper planning
- Monitoring and evaluation/having checks and balances
- De-politicizing development projects and programmes [Avoid turning projects/programs into politics]
• Inter-sectoral collaboration and co-operation
• Applying funds strictly to what they were meant for
• Giving guidelines to DAs on what is expected of them
• A well qualified technical human resource
• Involvement of traditional leaders

Given the appreciative enquiry methodology, some of the best practices are presented in verbatim quotations below. These are grouped for both individual practices and DA corporate practices, respectively:

**Some best practices by individuals:**

“Good accounting practice and submission of returns”
“Good sense of responsibility and interpersonal relationship”
“I am always around to provide the support…”
“I am very accommodating, I allow views from my colleagues…I am the last to come out or impose anything…and we settle on the best option”
“I have some officers in the DA whom even if you have not asked them, will offer their help…so it makes the work easy”
“I don’t pretend to knew everything. Each time I need help I quickly ask somebody to lend a hand…”
“The DCE is very personable and supportive. Each time you need him, he is there…”
“Self discipline”

**Some best practices by DAs/communities:**

“Payment of counterpart funding on time”
“Most communities own the project after the intervention period is over”
“…progress reports”
“Effective collaboration among implementing agencies”
“Strict compliance to agreed MOU”
“Having oversight committee”
“Utilization of Community initiatives by building on the local knowledge and structures such as traditional leaders, local government structure, and community youth”
“Adequate planning”
“Supervision and support”
“Having trained community volunteers in all 231 communities in the district”

Box 5 provides some identified best practices of the District Assemblies which going by the methodological approach of appreciative inquiry must be strengthened.
Box 5: Identified Best Practices of DAs which need to be encouraged and strengthened

- Visionary leadership: All the DAs studied are blessed with visionary and very articulate District Coordinating Directors who have the vision to seeing their districts adjudged the best in development. Such leaders have to be encouraged to keep the momentum of water and sanitation development in the districts.

- Internal monitoring system: Focal points are called upon every fortnight to report on their work in terms of project implementation, identify bottlenecks and strategize to address challenges.

- The option to open a separate account for donors under the supervision of the District Coordinating Director.

- ‘Open-door policy’: All the DAs studied have worked and continue to work with other donors. There was also a general view that DAs are ready to cooperate, collaborate, facilitate and support donors in development work in the districts. The open-door policy has also entailed the DAs making efforts to open its operations to the public.

- Increasing use of Internal Auditors and Inspectors by the DAs. The Internal Auditor Units have recently been established as provided in the Local Government Act, 1993 (Act 462) on financial matters. Various reports have stressed the need for such Units within the DA.

- Active political support from both central government and international development partners. The DAs since their establishment have enjoyed active political support which is backed by the national constitution and other legal instruments.

- Key staff of the DAs and decentralized departments are conversant with Act 462, National Procurement Act, and other financial regulations.

- Presence of well-qualified key personnel occupying key managing positions of the DAs.
7.0 Conclusion and Recommendations

Despite the numerous financial challenges facing the study District Assemblies, it was observed that many of them are implementing both locally-generated and donor supported development projects in their districts. This, the District Assemblies have undertaken almost two decades since they were created under Ghana’s decentralization programme in 1988. As such this situation has built up some experience within the Assemblies in procurement, human resource development and financial management and reporting.

In spite of these experiences, reports from the Auditor-General and the Accountant-General’s offices as well as audit reports on specific development projects funded by donors reveal some lapses in procurement, financial management and weak staff levels (especially auditors) of the Assemblies. It is in this direction that recommendations are provided in this section of the report on improving and strengthening the human resource base of the Assemblies (especially in the area of financial management), procurement procedures and financial management. Recommendations are therefore provided under the sub-headings human resources, procurement and financial management.

7.1 Suggested Recommendations for Procurement:

- WAG should support the Assemblies to continue contractor pair up -local and regional/external contractors--to bid for contracts. This should lead to and include building sustainable local maintenance capacity for the districts.

- WAG should be clear of and insist on the various thresholds of approval of budget by the various Committees to ensure there are no delays in finalizing the procurement process.

- Operational officers for district procurement need to be trained by WAG to prepare their annual procurement plans in advance. This will enable them have a good lead time to mobilize resources, place adverts and process procurements.

- In times of request to fund adverts, WAG should use its discretion, taking into consideration the potential impact of a delayed advert on the whole procurement process and the urgency and value of deliverables of the project to the beneficiaries.

- There is need for WAG to facilitate ground rules setting on procurement in the context of the MOU. All stakeholders should be clear as to the expected timeframe and outcomes, monitoring and supervision requirements for contracts and penalties for non-performance. The respective roles of WAG and Assemblies as well as NGO partners under procurement within the larger context of the MOU, should be articulated clearly and with the full understanding of all.
7.2 Suggested Recommendations for Strengthening Financial Management Capacity

In the light of the discussions on financial management, especially on the lapses revealed in project reports, and the Auditor-General and Accountant General’s reports as well as suggestions from study informants on how to strengthen the financial capacity of the selected District Assemblies, the following recommendations are made:

- WAG should provide adequate orientation on their policy and strategic goals vis-à-vis the District Assemblies. In particular, there is the need to discuss with all key staff of the Assembly and relevant decentralized departments on the contents and specifications of the signed MoUs with the Assemblies.

- To strengthen the financial capacity of the selected District Assemblies, a Project Operation Plan containing the Accounting and Auditing manual of WAG should be prepared for use by Assembly staff and other staff of decentralized departments and agencies who will be involved in WAG’s project at the Assemblies.

- Project Operation Plans and other project manuals as well as orientation workshops must emphasise on accurate costing of projects with separate budget lines within project proposal submissions for works, M&E, consultancy services and implementation to avoid any project overruns.

- The issue of counterpart or top up funding should be given serious attention by WAG, especially in the light of the abysmal IGF performance of the study District Assemblies. Where counterpart funding is required WAG should make sure the required funds from the Assembly or the communities in question have been provided before WAG commits any funds for projects of such kinds.

- WAG must make full use of the Internal Audit Units of the District Assemblies to ensure value for money and also prevent project cost overruns. The Internal Audit Units which were established recently are yet to be fully integrated into the Assembly structure due to their long absence.

7.3 Suggested Recommendations for Strengthening Human Resources of District Assemblies

Achieving the suggested recommendations on procurement and financial management by the District Assemblies requires the Assemblies to operate with skilled and qualified personnel both in terms of quantity and quality. In this direction, we suggest the following recommendations:

- WAG must provide training in the areas of project and financial management, and specifically on WAG’s financial management procedures to key staff of the Assembly. Such training is very important not only to orient financial officers of the Assembly about WAG’s financial management procedure but also to build and improve the overall capacity of staff.
Following recent directives for District Assemblies, ministries and departments to sponsor their own personnel for training (a task hitherto performed by the central government), there is the likelihood of the Assembly not going along with this directive whole-heartedly for the fear of losing trained staff either through staff transfers or to other organizations. WAG’s support in this area will make a difference in the timely implementation of the signed MOU as it will boost the morale of the DA staff.

- Adjoining districts should pull resources together to recruit specialized staff in the areas of engineering, accounting and administration. Such an arrangement could reduce the costs of contracting consultants on regular basis for specialized services as well as build the capacity of the Assemblies.

WAG must find ways of motivating project staff of the Assembly in order to enhance project implementation, monitoring and evaluation, and project outcomes. This may involve monetary rewards such as payment of allowances to DA project staff and non-monetary rewards such as awarding ‘certificates of participation or recognition’ to project participation DA staff.
References


APPENDICES

Appendix A: Questionnaires for the Various Informants

WATER AID GHANA ASSESSMENT OF LOCAL GOVERNMENT AUTHORITIES’ DONOR FUND MANAGEMENT CAPABILITIES
Questionnaire for Senior Staff of District Assemblies (District Chief Executive, District Coordinating Director, District Planning Officer, District Budget/Finance Officer & District Water & Sanitation Team Leader

SECTION A: INTRODUCTION

My name is…………………….I work for………………………………We are undertaking a study on behalf of Water Aid, Ghana (WAG), in connection with your partnership with them. They want to conduct a brief study which will guide them in better relating with your district. I have a few issues I will like to discuss with you. May I please know if you are willing to undertake this discussion with me? It will take about 1 hour of your time. We assure you of complete confidentiality in that we will not make it known who said what individually. For the purposes of recall and to ensure correct recording of what you say we will record our conversation with you. I hope I can go ahead and begin the conversation? Yes…… No…. Thank you.

Current position:

SECTION B: IDENTIFICATION
How long have you worked in this capacity in this district? Have you worked in a similar capacity in any other district? If yes, for how long?
What makes your work attractive to you?

SECTON C: MANAGING DONOR FUNDS
Can you tell us about the donors that support you in this district? Donor fund 1:
Donor fund 2: Donor fund 3:

Please share with us some of your positive experiences/outcomes of your collaboration with these donors?
What are some of the factors that influenced these positive experiences? What about other partners such as NGOs?
How many are in your district and how many do you work with?
Given your position, would you say the district has a good track record of managing donor funds?
If yes, can we discuss the most recent donor fund you managed?
Please tell me about how you managed the funds to the best of your knowledge. What aided/
facilitated your successful management of funds and programme deliverables? Who was involved?

Probe [If not mentioned already]: Effective and visionary leadership? Effective strategic planning? Collaboration with other partners?

Clearly defined intervention goals and deliverables? Human resource development plan?
In-depth briefing and programme support by the donor? Timely release of funds by donor?
Effective internal reporting and feedback mechanisms? Effective region- to -district support?
Donor conditionalities related to the use of those monies that aided you? Community involvement and ownership?
In-built sustainability mechanisms? Please, can you tell me more?

SYSTEMS AND PROCEDURES FOR MANAGING DONOR FUNDS
Please narrate the procedures in using funds for the implementation of targeted interventions. Anymore?
What motivates you about these procedures that lead to the successful management of donor funds? Anymore?
Looking at your accounting system what are the strengths that enable you to effectively account for donor funds? Anymore?
I will be interested to know how best these strengthens have worked for you in
responding to the demands of donor funds management. What about your banking procedures? Who are the signatories and who supervises disbursement? How long does it take for you to access funds when transferred from donors? What about your reporting procedures? Can you tell me about them? Please, tell me how best these procedures have worked for you. Are these procedures different from procedures for accounting for government related funds? If they are different, briefly tell me how? Can you share with us some of the donor feedback on your systems and procedures for managing donor funds? Tell me about your vision for strengthening your systems for donor fund management.

**Procurement Processes**

Please tell me the procurement procedures you go through in securing the services of a contractor in this District Assembly. How long does this take you? What are the challenges you encounter? How do you hope to resolve these? How long will it take you to do so?

**SECTION D: MANAGING FUNDS FROM WAG**

Tell us about your relationship with WAG. What factors in the relationship effectively contribute to your work? Overall, how prepared is your district to receive and manage funds from WAG released to your districts? How prepared is your district to open a special accounts for managing funds from WAG released to your district? How long will it take you to open such an account? Tell us the procedures you will need to go through to open such an account. Who will be the signatories to this account? What plans do you have to channel the factors of your previous success stories to bear on your work with WAG?

Reflect on a time that due to your quality leadership you achieved success. What are the personal qualities you hope to bring to bear on the successful implementation of the MOU?

**SECTION E: HUMAN RESOURCE**

Who manages donor funds in this district? What is the capacity of that/these person(s) for effective performance? How long has the person/these person(s) worked in this position? Who does this/these person(s) report to? What motivates him/her to work with commitment and zeal? How do you appraise the performance of staff members in managing donor funds in this district? Please, tell me what human resource development this district has undertaken over the past five years. (INTERVIEWER, DO NOT PROBE AT THIS INSTANCE). PROBE, IF NOT MENTIONED:
Over the past five years, please tell me the human resource development you have undertaken in the following areas, and how many persons on your district staff were involved:

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<th>No. of personnel</th>
<th>Position(s)</th>
<th>Duration for each</th>
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**SECTION F: BEST PRACTICES**

Can you share with me some of your success stories and how you intend to build on these stories in managing new donor funds in your district?

Can you tell me more about it/them?

What would you say are your strengths in managing donor funds?

Can you please tell me some success stories you have personally had in this district with regards to managing donor funds?

What is it about you personally that lead to that success? How about your style of administration?

What is it about this administration/system as a whole that may have lead to those successes?

In your opinion, what is the best way to manage donor funds? Anymore?

**SECTION G: DREAM!**

Finally, two things:

Imagine that a donor gave you most of the funds you need for interventions in your district and will renew these funds, subject to efficient and effective use of the money for needed interventions in this district. On the other hand, if the money is
mismanaged, the donor will withdraw the funds and this will also affect the district’s relationship with other potential donors. Take a couple of minutes to reflect on and tell me how you will position your district to effectively use the given funds and build good image for additional funding.
Please also share with us what your expectations of donors are to enable you achieve the above dream.

SECTION H: SOCIO-DEMOGRAPHIC BACKGROUND

Gender
: Age:
Highest Level of Education:
Contact cell nos., should we need a clarification:
Please, indicate any in-service training/continuous education you have had in the last three years, duration and the training institution for each:

**Education 1:**
Duration:
Source/trainers/training institution:

**Education 2:**
Duration:
Source/trainers/training institution:

**Education 3:**
Duration:
Source/trainers/training institution:

**SECTION H: OBSERVATION**

Interviewer, please comment on the responsiveness of the senior officer you interviewed

**REVIEW OF DONOR FUNDS-RELATED DOCUMENTS**

(To the DCE, District Coordinating Director or District Planning Officer—only one of these persons)

Please, I will like to have copies of/review the under listed documents in relation to the management of donor funds in your district:

1. Local/district policies
2. Work plans
3. Operational guidelines
4. Standards
5. Reports
6. Audited reports on your donor funds
7. Donor comments on use of your funds (if possible), and
8. Donor comments on targeted intervention implementation
9. Any related document(s) you would like me to take a look at?
DONOR FUND MANAGEMENT CAPABILITIES (DISTRICTS VISITED)

Interview Guide: Heads of Decentralized Department (Education, Health, Town and Country Planning and Community Development) and NGOs. Section D must be answered by only NGOs.

SECTION A: INTRODUCTION

My name is…………………….I work for……………………………… We are undertaking a study on behalf of Water Aid, Ghana (WAG), in connection with your partnership with them. They want to conduct a brief study which will guide them in better relating with your district. I have a few issues I will like to discuss with you. It will take about 1 hour of your time. We assure you of complete confidentiality in that we will not make it known who said what individually.

For the purposes of recall and to ensure correct recording of what you say we will record our conversation with you. I hope I can go ahead and begin the conversation? Thank you.

SECTION B: IDENTIFICATION

Current position:

How long have you worked in this capacity in this district? Have you worked in a similar capacity in any other districts?
  - If yes, for how long?

What makes your work attractive to you?

SECTION C: WORK ENVIRONMENT, FUNCTIONAL AND ORGANIZATIONAL STRUCTURE OF DISTRICT ASSEMBLIES

Please, kindly tell us about the general functions of the District Assembly?

What are some of the positive contributions of the District Assembly in this District? Please, be specific.

What account for this positive outcome?

What are the negative impacts of the District Assembly on development in this district? Please, be specific.
What account for these negative outcomes?

**Functional and Organizational Analysis of District Assemblies**

What in your opinion are the favourable factors or conditions that facilitate the work of your District Assembly?

What are the unfavourable factors that hamper the smooth operations of the Assembly?

Please, comment on the role of your department or agency for effective and efficient operation of the District Assembly?

Please comment on technical functions of the District Assembly which in your view, are hardly addressed in your district.

What account for this situation?

Tell us about your relationship with the District Assembly. What factors in the relationship effectively contribute to your work?

**Systems and procedures for managing donor funds**

Overall, do you think the District Assembly is prepared to receive and manage funds from donors?

What are your expectations from donors to enable your District Assembly to be more prepared to respond to the demands of donors?

What conditions/structures are required by the Assembly for managing funds?

Given your position, would you say the district has a good track record of managing donor funds? Please, provide reasons.

Explain to us the formal financial management processes and procedures of your organization (decentralized department).

- What are drawbacks/weaknesses of such procedures?
- What are the strengths of such procedures?

**SECTION D: MANAGING FUNDS FROM WAG (FOR ONLY NGOS)**

Tell us about your relationship with WAG.

What factors in the relationship effectively contribute to your work?

Overall, do you think your District Assembly is prepared to receive and manage funds from
WAG?
What are your expectations from WAG to enable you to be even more prepared as an NGO to respond to the demands of the signed MOU?
What about the conditions/structures required for managing funds?
What plans do you have to channel the factors of your previous success stories to bear on your work with WAG?

Reflect on a time that due to your quality leadership you achieved success. What are the personal qualities you hope to bring to bear on the successful implementation of the MOU?

SECTION E: HUMAN RESOURCE BASE OF THE DISTRICT ASSEMBLY FOR MANAGING DONOR FUNDS
Who manages donor funds in this District Assembly?
What is the capacity of that/these person(s) (in terms of qualification, experience, etc) for effective performance?
How long have the person/these person(s) worked in this position?
How do you appraise the performance of key staff of the District Assembly in managing donor funds in this district?
Please, kindly rate the performance and skills of key staff of District Assembly (0-100%)

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<th>Criterion</th>
<th>Key District Assembly Staff</th>
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<td>1. Work Quality</td>
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<td>4. Sense of Responsibility</td>
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<td>10. Desire to Learn</td>
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<td>11. Initiative</td>
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Please, tell us what human resource development this District Assembly has undertaken over the past **five** years for the decentralized departments and NGOs? (INTERIVIEWER, DO NOT PROBE AT THIS INSTANCE.)

**PROBE, IF NOT MENTIONED:**

Over the past five years, please tell us the human resource development your decentralized department have undertaken in the following areas, and how many persons on your district staff were involved:

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<th>Area/discipline</th>
<th>No. of personnel</th>
<th>Position(s) of personnel</th>
<th>Duration for each</th>
<th>Training Institution</th>
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<th>Is person still at Post in this district</th>
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<td>System development</td>
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<td>Collaboration/ inter-agency linkages</td>
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Please tell us the required manpower for sound financial management in your organization:

- Number at post:
- Adequacy:
• Qualification:
• Experience:

Specific training required (if any):

**Level of Equipment and Logistics**
Comment on adequacy of equipment and logistic of the District Assembly. Comment on vehicles, telephone, email and fax services.

Please, comment on office accommodation.
Tell us the about the equipment and logistics in place in your organization? What is required to be added?
How many of each?

**SECTION F: BEST PRACTICES**
Can you share with use some of your success stories and how you intend to build on these stories in managing new donor funds in your district?
What would you say are your decentralized department’s and NGO’s strengths in managing donor funds?
Can you please tell us some success stories you have personally had in this district with regards to managing donor funds?
What is it about you personally that led to that success? How about your style of administration?
What is it about this administration/system as a whole that may have led to those successes? In your opinion, what is the best way to manage donor funds?
Anymore?

**SECTION G: SOCIO-DEMOGRAPHIC BACKGROUND**
Gender
: Age:

Highest Level of Education:
Contact cell nos., should we need a clarification:
Please, indicate any in-service training/continuous education you have had in the last three years, duration and the training institution for each:

**Education 1:**
Duration:  
Source/trainers/training institution:

**Education 2:**
Duration:  
Source/trainers/training institution:

**Education 3:**
Duration:  
Source/trainers/training institution:

**SECTION G: OBSERVATION**
Interviewer, please comment on the responsiveness of the senior officer you interviewed

**REVIEW OF DONOR FUNDS-RELATED DOCUMENTS**
*(To Head of Department or Deputy/Assistant Head of Department)*
Please, I will like to have copies of/review the under listed documents in relation to the management of donor funds in your district:
1. List of Staff at Post: gender; age; position, qualification; duration at present post.
2. Work plans
3. Funds/financial management reporting format
4. Audited reports on your donor funded projects and programmes
5. Donor comments on use of your funds (if possible), and
6. Donor comments on targeted intervention implementation
7. Any related document(s) you would like me to take a look at.
Questionnaire for Senior Staff of District Assemblies (District Chief Executive, District Coordinating Director, District Planning Officer, District Budget/Finance Officer & District Water & Sanitation Team Leader)—FOR DISTRICTS RESEARCH TEAM IS NOT VISITING

SECTION A: INTRODUCTION

Dear Sir/Madam,

Sir/Madam,
We are undertaking a study on behalf of Water Aid, Ghana (WAG), in connection with your partnership with them. They want to conduct a brief study which will guide them in better relating with your district with respect to a recent MoU the district signed with them for support. To efficiently and effectively assist your district to utilize the support WAG will be giving to your district, they have asked that we do an assessment, talking to key district officials like you. Due to resource constraints, the study team could not visit all WAG partner districts and resorted to a random selection of districts to visit and those to assess by sending a questionnaire like this one to be filled. We shall be grateful if you could spend some time filling this questionnaire and to return it through the enclosed expedited mail return envelop, or if you wish to send an electronic copy to marthaosei@hotmail.com WAG is interested in having feedback from this study first thing in 2009 so they could use it to plan and assist your district. If you are willing, please fill this questionnaire. It will take about 30 minutes of your time. I assure you of complete confidentiality in that we will not make it known who said what individually. If you have any questions regarding this study/questionnaire, please, speak with the WAG offices in Accra and/or to any of the following persons: Mrs. Martha Osei 0276-615-863 Dr. George Owusu 0243-344-672

Dr. Gertrude Owusu 0243-167-783

Thank you

SECTION B: IDENTIFICATION

1. Current position:
2. How long have you worked in this capacity in this district?
3. Have you worked in a similar capacity in any other district? If yes, for how long?

SECTION C: MANAGING DONOR FUNDS
1. Can you tell us about the donors that support this district?
   Donor 1:
   Donor 2:
   Donor 3:
2. Please share with us some of your positive experiences/outcomes of your collaboration with these donors?
3. What are some of the factors that influenced these positive experiences?
4. How many NGOs does your district work with?
5. Given your position, would you say the district has a good track record of managing donor funds? Yes………... No………….
   If yes, please tell me about how you managed the most recent donor fund to the best of your knowledge. What aided/ facilitated your successful management of funds and programme deliverables?

6. Would you say any of the following factors played a critical role in your successful management of the most recent donor fund you had?
   Effective and visionary leadership? Yes………….. No………….
   Effective strategic planning? Yes………….. No………….
   Collaboration with other partners? Yes………….. No………….
   Clearly defined intervention goals and deliverables? Yes………….. No………….
   Human resource development plan? Yes………….. No………….
   In-depth briefing and programme support by the donor? Yes………….. No………….
   Timely release of funds by donor? Yes………….. No………….
   Effective internal reporting and feedback mechanisms? Yes………….. No………….
   Effective region-to-district support? Yes………….. No………….
   Donor conditionalities related to the use of those monies that aided you? Yes…….. No……
   Community involvement and ownership? Yes………….. No………….
   In-built sustainability mechanisms? Yes………….. No………….
7. Please, tell me about any other factor that helped

Systems and procedures for managing donor funds
8. Please narrate the procedures in using funds for the implementation of targeted interventions.
9. What motivates you about these procedures that lead to the successful management of donor funds?

10. Looking at your accounting system what are the strengths that enable you to
effectively account for donor funds?

11. What about your banking procedures? Who are the signatories of your banking procedures?

12. Who supervises disbursement?
13. How long does it usually take for you to access funds when transferred from donors?
14. How do you report to donors? How often?
   In what format?
   What goes in the report?
   Who does the reporting?
   Who supervisors the report? Who signs it?
   Are these procedures different from procedures for accounting for government related funds? Yes.............. No..............
   If they are different, how are they different?

15. Can you share with us some of the donor feedback on your systems and procedures for managing donor funds?

16. How do you plan to strengthen your systems for donor fund management?

**Procurement Processes**
17. What are your procurement procedures in securing the services of consultants/contractors?

18. How long does it take?
19. What are the challenges with your present procurement procedures?

20. How do you intend to resolve these procurement procedure challenges?

**SECTION D: MANAGING FUNDS FROM WAG**

1. Tell us about your relationship with WAG. What factors in the relationship effectively contribute to your work?

2. Overall, do you think your district is prepared to receive and manage funds from WAG? Yes.............. No..............
3. How prepared is your district to open a special account for managing funds from WAG? Who will be signatories to the special WAG account?

4. What are your expectations from WAG to enable you to prepare as a district to respond to the demands of the signed MOU?

5. What are the conditions/structures required for managing funds?

6. What plans do you have to channel the factors of your previous success stories to bear on your work with WAG?
7. What are the personal qualities you hope to bring to bear on the successful implementation of the MOU with WAG?

SECTION E: HUMAN RESOURCE

1. Who manages donor funds in this district? What is the capacity of that/these person(s) for effective performance? How long has the person(s) worked in this position?

2. Please, kindly rate the performance and skills of key staff of District Assembly for each criterion (0-100%)

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Key District Assembly Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DCE</td>
</tr>
<tr>
<td>1. Work Quality</td>
<td></td>
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<tr>
<td>2. Productive Capacity</td>
<td></td>
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<tr>
<td>3. Interest and Cooperation</td>
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<td>4. Sense of Responsibility</td>
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<td>5. Interpersonal Relationship</td>
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<td>6. Attendance and Punctuality</td>
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<td>7. Organization of Work</td>
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<td>8. Adaptability</td>
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<td>9. Leadership</td>
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<td>10. Desire to Learn</td>
<td></td>
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<tr>
<td>11. Initiative</td>
<td></td>
</tr>
</tbody>
</table>

3. Please, tell us what human resource development this District Assembly has undertaken over the past five years for the decentralized departments and NGOs? (INTERVIEWER, DO NOT PROBE AT THIS INSTANCE.)

PROBE, IF NOT MENTIONED:

4. Over the past five years, please tell us the human resource development your organization undertaken in the following areas, and how many persons on your district staff were involved:

<table>
<thead>
<tr>
<th>Area/discipline</th>
<th>No. of personnel</th>
<th>Position(s) of personne</th>
<th>Duration for each</th>
<th>Training Institution</th>
<th>Impact of training</th>
<th>Is person still at Post in this</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>Strategic planning/management</td>
<td></td>
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</tbody>
</table>
5. Please tell us the required manpower for sound financial management in your organization:
   - Number at post:
   - Adequacy:
   - Qualification:
   - Experience:

6. Specific training required (if any):

**Level of Equipment and Logistics**

7. Comment on adequacy of equipment and logistic of the District Assembly.

8. Comment on vehicles, telephone, email and fax services.

9. Please, comment on office accommodation.

10. Tell us the about the equipment and logistics in place in your organization? What is required to be added?

   How many of each?
SECTION F: BEST PRACTICES
1. Can you share with me some of your district’s success stories and how the district intends to build on these stories in managing new donor funds in your district?

2. What would you say are your district’s strengths in managing donor funds?

3. Can you please tell me some success stories you have personally had in this district with regards to managing donor funds?

4. What is it about you personally that lead to that success?

5. What is it about this administration/system as a whole that may have lead to those successes?

6. In your opinion, what is the best way to manage donor funds?

SECTION G: SOCIO-DEMOGRAPHIC BACKGROUND

Gender
Age:
Highest Level of Education:
Contact cell nos., should we need a clarification:
Please, indicate any in-service training/continuous education you have had in the last three years, duration and the training institution for each:

**Education 1:**
Duration:
Source/trainers/training institution:

**Education 2:**
Duration:
Source/trainers/training institution:

**Education 3:**
Duration:
Source/trainers/training institution:

**REVIEW OF DONOR FUNDS-RELATED DOCUMENTS**
(To the DCE, District Coordinating Director or District Planning Officer—**only one of these persons**)
Please, the research team will like to have copies of the under listed documents in relation to the management of donor funds in your district. We shall be grateful if you can add copies of these materials to the questionnaire you have filled, to be mailed to us.
1. Local/district policies
2. Work plans
3. Operational guidelines
4. Standards
5. Reports
6. Audited reports on your donor funds
7. Donor comments on use of your funds (if possible), and
8. Donor comments on targeted intervention implementation
9. Revenue mobilization of Assemblies: Revenue (internally-generated and externally-generated) for last 5 years; expenditure pattern (re-current and capital expenditures) for the last 5 years.
10. List of staff: age; gender; qualification; length of duration at present post.
9. Any related document(s) you would like me to take a look at
WATER AID GHANA ASSESSMENT OF LOCAL GOVERNMENT AUTHORITIES’ DONOR FUND MANAGEMENT CAPABILITIES
Questionnaire for NGOs and Heads of Decentralized Departments — FOR DISTRICTS RESEARCH TEAM IS NOT VISITING.

SECTION A: INTRODUCTION

Dear Sir/Madam,

We are undertaking a study on behalf of Water Aid, Ghana (WAG), in connection with your partnership with them. They want to conduct a brief study which will guide them in better relating with your district with respect to a recent MoU the district signed with them for support. To efficiently and effectively assist your district to utilize the support WAG will be giving to your district, they have asked that we do an assessment, talking to key district officials like you. Due to resource constraints, the study team could not visit all WAG partner districts and resorted to a random selection of districts to visit and those to assess by sending a questionnaire like this one to be filled.

We shall be grateful if you could spend some time filling this questionnaire and to return it through the enclosed expedited mail return envelop, or if you wish to send an electronic copy to marthaosei@hotmail.com WAG is interested in having feedback from this study first thing in 2009 so they could use it to plan and assist your district. I assure you of complete confidentiality in that we will not make it known who said what individually.

If you have any questions regarding this study/questionnaire, please, speak with the WAG offices in Accra and/or to any of the following persons: Mrs. Martha Osei 0276-615-863
Dr. George Owusu 0243-344-672
Dr. Gertrude Owusu 0243-167-783

Thank you.

SECTION B: IDENTIFICATION
1. Questionnaire respondent’s current position:
2. How long have you worked in this capacity (current position) in this district?
3. Have you worked in a similar capacity in any other district? If yes, for how long?

SECTION C: FUNCTIONAL, ORGANIZATIONAL AND FINANCIAL MANAGEMENT STRUCTURE OF DISTRICT ASSEMBLY

1. What are the basic functions of the District Assembly?

2. What are the favourable factors or conditions that facilitate the work of your District Assembly?

3. What are the unfavourable factors that hamper the smooth operations of the Assembly?

4. Comment on the role of your agency (decentralized department or NGO) for effective and efficient operation of the District Assembly?

5. What factors in the relationship of your agency (decentralized department or NGO) which effectively contribute to your work?

**Systems and Procedures for managing donor funds**

1. Is your District Assembly prepared to receive and manage funds from donors?
2. What are your expectations from donors to enable your District Assembly to be more prepared to respond to the demands of donors?

3. What conditions/structures are required by the Assembly for managing funds?

4. Given your position, would you say the district has a good track record of managing donor funds? Please, provide reasons.

**Human Resource**

1. Who manages donor funds in this district?
   What is the capacity of that/these person(s) for effective performance? How long has the person(s) worked in this position?

2. Please, kindly rate the performance and skills of key staff of District Assembly for each criterion (0-100%): with 0 as the least score and 100 as the
maximum score for each criterion.

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</tr>
<tr>
<td>11. Initiative</td>
<td></td>
</tr>
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</table>

3. Please tell us the required manpower for sound financial management in your organization (decentralized department or NGO):
   - Number at post:
   - Adequacy:
   - Qualification:
   - Experience:

4. Specific training required (if any):

**Level of Equipment and Logistics**

5. Comment on adequacy of equipment and logistic of the District Assembly:

6. Comment on vehicles, telephone, email and fax services of District Assembly:

7. Please, comment on office accommodation:

8. Comment on the equipment and logistics in place in your organization (decentralized department or NGO):

What is required to be added?

**SECTION D: MANAGING FUNDS FROM WAG**

1. What is your relationship with WaterAid, Ghana (WAG)?
What factors in your relationship with WAG effectively contribute to your work?

2. Overall, do you think your district is prepared to receive and manage funds from WAG? Yes………….. No……………..
3. How prepared is your district to open a special account for managing funds from WAG? Who will be signatories to the special WAG account?

4. What are your expectations from WAG to enable you to prepare as a district to respond to the demands of the signed MoU with WAG?

5. What are the conditions/structures required for managing funds?

6. What plans do you have to channel the factors of your previous success stories to bear on your work with WAG?

7. What are the personal qualities you hope to bring to bear on the successful implementation of the MOU with WAG?

**SECTION F: BEST PRACTICES**

1. Name and comment on a successful donor funded project you or your organization has been involved:

2. Would you say any of the following factors played a critical role in your successful management of your successful donor funded project:
   - Effective and visionary leadership? Yes…………..
   - No………….. Effective strategic planning? Yes…………..
   - No………….. Collaboration with other partners?
     - Yes………….. No…………..
   - Clearly defined intervention goals and deliverables? Yes…………..
   - No………….. Human resource development plan? Yes…………..
   - No…………..
   - In-depth briefing and programme support by the donor? Yes…………..
   - No………….. Timely release of funds by donor? Yes…………..
   - No…………..
   - Effective internal reporting and feedback mechanisms? Yes…………..
   - No………….. Effective region- to -district support? Yes…………..
   - No…………..
   - Donor conditionalities related to the use of those monies that aided you? Yes……
   - No…… Community involvement and ownership? Yes…………..
   - No…………..
   - In-built sustainability mechanisms? Yes…………..
   - No…………..

3. Please, tell us about any other factor that helped:

4. What would you say are your district’s strengths in managing donor funds?

5. In your opinion, what is the best way to manage donor funds?

**SECTION G: SOCIO-DEMOGRAPHIC BACKGROUND OF RESPONDENT**

Gender:
Age:
Highest Level of Education:
Contact cell nos., should we need a clarification:
Please, indicate any in-service training/continuous education you have had in the last three years, duration and the training institution for each:

**Education 1:**
Duration:
Source/trainers/training institution:

**Education 2:**
Duration:
Source/trainers/training institution:

**Education 3:**
Duration:
Source/trainers/training institution:

**REVIEW OF DONOR FUNDS-RELATED DOCUMENTS**
Please, the research team will like to have copies of the under listed documents in relation to the management of donor funds in your district. We shall be grateful if you can add copies of these materials to the questionnaire you have filled, to be mailed to us.
1. Local/district policies
2. Agency’s Work plans
3. Operational guidelines
4. Audited reports on your donor funds (including donor comments on use of your funds and targeted intervention implementation (if possible), and
5. List of staff: age; gender; qualification; length of duration at present post.
6. Any related document(s).

**Appendix B: List of Interviewed Key Informants**

1. **Birim North District**
   a) Community Development Officer
   b) Deputy Director, Finance and Administration, GES, BND
   c) Acting District Town and Country Planning Officer, BND
   d) Senior Staff Midwife, District Health Management Team, BND
   e) Project Manager, Oboomma Rural Action Program (ORAP), Birim North District (WATSAN NGO)
   f) District Technician/Engineer in-charge of Water and Sanitation
   g) District Budget Officer
   h) District Planning Officer
   i) District Water and Sanitation Team Leader
   j) District Finance Officer

2 **Akwapim North District**
   a) Program Manager, Akwapim Community Development Program (ACDEP)
(WATSAN NGO)
b) District Director, Department of Community Development c) 
District Budget Officer
d) District Town and Country Planning Officer
e) District Director of Education
f) District Coordinating Director
g) District Chief Executive
h) District Planning Officer
i) Regional Extension Services Specialist in-charge of Akwapim North District

3. Tamale Metropolitan District

a) District GES Deputy Director
b) Director, Department of Community Development c) 
Metropolitan Planning Officer, Tamale
d) Senior Accountant, Tamale Metro Health Directorate
e) Programme Manager, New Energy (WATSAN Partner NGO in Tamale Municipal District)
f) Team leader, Municipal Water and Sanitation Committee
g) Metropolitan Assistant Coordinating Director
i) Metropolitan Budget Officer

4. Bolgatanga Municipal District

a) District Finance Officer
b) WATSAN Partner NGO [Rural Aid]
c) Bolgatanga Municipal Water and Sanitation Team Leader
d) Assistant Development Planning Officer
e) District Community Development Officer f) 
Accountant, District Health Services
g) District Coordinating Director
h) Municipal Head, Town and Country Planning Department

5. Bawku West District

a) District Disease Control Officer b) 
District Finance Officer
c) District Chief Executive
d) Town and Country Planning Officer e) 
District Planning Officer
f) Assistant District Coordinating Director g) 
CODI Programmes’ Coordinator

6. Gushiegu District

a) District Coordinating Director
b) Representative of the Gushiegu District Director of Education c) 
District Planning Officer
d) District Health Service Administrator for the Hospital e) 
Head, WATSAN Partner NGO (New Energy)
7. Ga East District  
a) District Community Development Officer  
b) District Environmental Health Officer  
c) District Finance Officer  

8. Kwahu North District  
a) District Finance Officer  
b) District Planning Officer  
c) District Budget Officer  
d) Deputy District Coordinating Director  
e) District Chief Executive  
f) Program Director  

9. Other Officers Interviewed  
a) Regional Director, Community Water and Sanitation Agency, Koforidua  
b) Regional Accountant, Community Water and Sanitation Agency, Koforidua  
c) Senior Accountant, WaterAid Ghana, Accra  

Appendix C: Act 663 - Public Procurement Act 2003  
SCHEDULE 3  
(Section 21 Section 42, Section 44, Section 66).  

1. Thresholds for Procurement Methods  

<table>
<thead>
<tr>
<th>Procurement Method/Advertisement</th>
<th>Contract Value Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Prequalification</td>
<td></td>
</tr>
<tr>
<td>a) Goods</td>
<td>Above GHC 35 billion</td>
</tr>
<tr>
<td>b) Works</td>
<td>Above GHC 70 billion</td>
</tr>
<tr>
<td>c) Technical Services</td>
<td>Not more that 10% of cost of works</td>
</tr>
<tr>
<td>2. International Competitive Tender</td>
<td></td>
</tr>
<tr>
<td>a) Goods</td>
<td>Above GHC 15.0 billion</td>
</tr>
<tr>
<td>b) Works</td>
<td>Above GHC 20.0 billion</td>
</tr>
<tr>
<td>c) Technical Services</td>
<td>Above GHC 2.0 billion</td>
</tr>
<tr>
<td>3. National Competitive Tender</td>
<td></td>
</tr>
<tr>
<td>a) Goods</td>
<td>More than GHC 200 million up to GHC 2.0 billion</td>
</tr>
<tr>
<td>b) Works</td>
<td>More than GHC 500 million up to GHC 15 billion</td>
</tr>
<tr>
<td>c) Technical Services</td>
<td>More than GHC 200 million up to GHC 2.0 billion</td>
</tr>
<tr>
<td>4. Restricted Tendering</td>
<td>Subject to Approval by PB</td>
</tr>
<tr>
<td>5. Price Quotation</td>
<td></td>
</tr>
<tr>
<td>Authority</td>
<td>Goods</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>(1) Head of Entities</td>
<td>Up to 50 million</td>
</tr>
<tr>
<td>(2) Entities Tender Committee</td>
<td>&gt;50m-250m</td>
</tr>
<tr>
<td>(3) District Tender Review Board</td>
<td>&gt;250m-1.0b</td>
</tr>
<tr>
<td>(4) Ministerial and Regional Tender Review Board</td>
<td>&gt;1.0b-8.0b</td>
</tr>
<tr>
<td>(5) Central Tender Review Board</td>
<td>Above 8.0b</td>
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</tbody>
</table>

3. (B1) Other Procuring Entities- Thresholds for Review/Approval Authority (Amounts in GHC)

<table>
<thead>
<tr>
<th>Authority</th>
<th>Goods</th>
<th>Works</th>
<th>Technical Services</th>
<th>Consulting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Head of Entity</td>
<td>Up to 50m</td>
<td>Up to 100m</td>
<td>Up to 50m</td>
<td>Up to 50m</td>
</tr>
<tr>
<td>(2) Entity Tender Committee</td>
<td>&gt;50m-1.0b</td>
<td>&gt;100m-2.0b</td>
<td>&gt;50m-1.0b</td>
<td>&gt;50m-500m</td>
</tr>
<tr>
<td>(3) Ministerial and Regional Tender Review Board</td>
<td>&gt;1.0b-8.0b</td>
<td>&gt;2.0b-15.0b</td>
<td>&gt;1.0b-15.0b</td>
<td>&gt;500-3.5b</td>
</tr>
<tr>
<td>(4) Central Tender Review Board</td>
<td>Above 8.0b</td>
<td>Above 15.0b</td>
<td>Above 8.0b</td>
<td>Above 3.5b</td>
</tr>
</tbody>
</table>
WaterAid transforms lives by improving access to safe water hygiene and sanitation in the world’s poorest communities. We work with partners and decision makers to maximise our impact.

For more information please, contact:

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Box 16185, KIA, Accra
Tel: 233-21 760440/780581
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WaterAid International Website: www.wateraid.org

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