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**Guidelines for Conducting a
Municipal
Management
Assessment**

October 1986

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Municipal
Management
Assessment**

Prepared for
The Office of Housing and Urban Programs
U.S. Agency for International Development

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PREFACE

Guidelines for Conducting a Municipal Management Assessment is a response to a need for techniques to determine the capabilities of local government to finance and carry out service provision responsibilities. When implemented following the Guidelines, a Municipal Management Assessment can assist AID personnel engaged in policy dialogue, project design and project implementation in issues related to urbanization, secondary cities, decentralization, market towns, regional development, local institution building and local resources mobilization.

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HOW TO USE THESE GUIDELINES

Guidelines for Conducting A Municipal Management Assessment is divided into two major parts. The first part is devoted to the nature and process of an Assessment. It consists of three sections--an overview, guidelines for organizing the assessment, and guidelines for conducting the Assessment. These three sections detail seven steps to be taken during the course of an Assessment, as listed in the lefthand column below.

The second part of the Guidelines is the Appendix. This includes suggested information collection protocols for conducting the Assessment, organized from the general to the specific. The righthand column below lists these and illustrates their relationship to the various parts of the Guidelines.

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GUIDELINES FOR CONDUCTING A
MUNICIPAL MANAGEMENT ASSESSMENT

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I. WHAT IS A MUNICIPAL MANAGEMENT ASSESSMENT?--AN OVERVIEW

A Municipal Management Assessment is a technique for determining an individual municipality's capabilities to carry out service provision responsibilities.

A Municipal Management Assessment is used to identify managerial and administrative capabilities and strengths and weaknesses. The central question to be answered is "What needs to happen if this municipality is responsible for providing direct services? From this perspective, the Municipal Management Assessment has application in:

- settings where the municipality currently is responsible for providing specific public services, or
- settings where the municipality may be assuming new or expanded roles and responsibilities either self-initiated or through delegation from the central government, through direct administration or through contracting out.

An assessment is conducted at two levels of government: first at the national level and then at the local level for one or more individual municipalities. The emphasis may vary between the national policy level and assessments of individual municipalities, depending on the circumstances in individual countries and the individual RHUDO's or Mission's agenda. For example, more focus may be placed on the national policy level if the greatest constraints on municipal performance are identified as being at that level such as in cases of strong centralization. In this case, too, the Assessment can be used to identify what needs to be done to give the municipality a more significant role in revenue generation and public service provision. Alternatively, in countries where national policy already is conducive to expanded municipal responsibilities, the focus would be placed more on structural and management features of individual municipalities.

An element of training for national level institutions can be built into the conduct of the Assessment as well, depending on country circumstances. At a minimum level, national institutions with direct regulatory or technical assistance responsibilities toward municipalities should have individual staff available for training during the national level assessment in the methods of the Assessment. "Hands on" training can result from participation of national officials in the actual municipal level assessments. (Ideally, these institutions or future municipal training institutions in the host country should replace virtually all external consultant assistance in conducting individual municipal assessments.)

While one product of the Assessment may be recommendations for specific efficiency improvements in service provision, and targeted training or technical assistance, the Assessment is NOT an efficiency study. Nor is it an evaluation of specific programs or personnel. Rather it is a means to determine an individual municipality's capability to carry out its service delivery responsibilities.

II. ORGANIZING THE ASSESSMENT

A Municipal Management Assessment involves 7 major steps to be conducted in varying levels of detail and through specifically identified activities. The steps are summarized in Exhibit 1, MAJOR STEPS OF A MUNICIPAL MANAGEMENT ASSESSMENT. Specific activities are detailed in the discussion of each step.

Exhibit 1

MAJOR STEPS OF A MUNICIPAL MANAGEMENT ASSESSMENT

1. Determine the Purpose of the Assessment
 2. Determine the Specific Country Setting
 3. Field the Team
 4. Conduct the National Level Assessment
 5. Conduct the Municipal Level Assessment
 6. Analysis and Synthesis
 7. Report Preparation
- Follow-up (optional)

Steps 4 through 7 are included in Part III, How to Conduct a Municipal Management Assessment. Now we are interested in organizing the Assessment which is the purpose of the first three steps: determining the purpose of the Assessment, determining the specific country setting, and fielding the team. Each of these is discussed in detail in the following pages.

Step 1. DETERMINE THE PURPOSE OF THE ASSESSMENT

As is the case with following any procedural guidelines, the extent to which ideas and directions are more or less relevant follows from the purpose at hand. Here, the purpose of the Assessment determines the level of detail required.

An Assessment may be used as input for:

- Feasibility Studies
- Project Identification Documents (PIDS)
- Project Appraisals
- Project Papers
- Development of Training Programs, and
- Preparation of other AID project documents

As a complement to project paper preparation for a specific, previously identified objective, such as sites and services, more emphasis may be given to the specifics of service provision such as public works, revenue generation and control. Lesser emphasis would be devoted to other municipal services and responsibilities. Alternatively, for a project devoted to strengthening secondary cities, a uniform treatment of services and functions, with equal attention to the national level assessment would be required. In general, however, it is recommended that the Assessment be conducted completely and uniformly to permit comparability (to the extent possible) with other Assessments.

Figure 1 presents a sample application of the Assessment in which the results were intended for use in developing a PID for a local government strengthening project.

FIGURE 1

SAMPLE STEP 1 - DETERMINE THE PURPOSE OF THE ASSESSMENT

ORIGIN of INQUIRY	PURPOSE of ASSESSMENT	SPECIFIC OBJECTIVES of RHUDO/MISSION
RHUDO	To provide basic inputs for a draft PID for Strengthening Local Governments	<p>NATIONAL LEVEL: To focus on policy changes that could expand municipal functions, enabling legislation to strengthen the financial base of municipalities and the role of key national ministries in providing assistance to municipalities.</p> <p>MUNICIPAL LEVEL: To aid in the determination of which 3 to 4 municipalities have the strongest service base, to describe the organization of their service structures and possible alternatives for providing those or new services and to analyze their central administrative structures and to recommend improvements in planning and budgeting.</p>

Step 2. DETERMINE THE SPECIFIC COUNTRY SETTING

Prior to actual field work, collect as much background information on the country as possible. Especially useful material includes the Country Development Strategy, various urban sector studies, including the Urban Development Strategy, sector studies conducted by the World Bank or other donor organizations, and Urban Development Assessments. The "National and Urban Management, Administration, and Financing Policy" section of an Urban Development Assessment can provide an overview of circumstances in the country, where available.

Background materials are to be used to:

- Determine current and historical national decentralization policy;
- Determine roles and responsibilities for services, infrastructure, and finance (including revenue generation and disbursement); and/or
- Identify potential services and functions which may merit particular emphasis.

Members of the Assessment Team should organize available background information for later use; Figure 2 provides an example of relevant background information collected for a sample Assessment application based on information obtained from an Urban Development Assessment and an Urban Development Strategy.

Important information to collect concerns national decentralization and policy, lists of those services and infrastructure provided for locals by the national level, lists of those services and infrastructure provided by the municipality itself, either directly or through contract. Other appropriate information includes responsibilities for revenue generation, both own source and transfer sources of payments.

Determining the country setting is not intended to duplicate activities to be conducted in the field. Rather, it is the objective of the Assessment Team to have a picture, albeit incomplete, of the organization of public services in the country beginning with the results of prior efforts or studies.

Figure 2

SAMPLE of BACKGROUND INFORMATION
for DETERMINING THE COUNTRY SETTING

I. NATIONAL/LOCAL RELATIONSHIPS

- Local governments have very few responsibilities; basic services are provided by national government.
- Total local government spending is less than 3 percent of national government spending. Net flow of funds is from local government to central government. Revenues collected locally are used to reimburse national.
- Current policy is towards some decentralization.

II. CURRENT SERVICES PROVIDED BY LOCAL GOVERNMENT
(services believed to be provided by most local governments)

- | | |
|---------------------------------|--------------------------------------|
| 1. <u>Slaughterhouses</u> | 5. <u>Parks</u> |
| 2. <u>Public Markets</u> | 6. <u>Adult Education</u> |
| 3. <u>Cemeteries</u> | 7. <u>Auxiliary Health</u> |
| 4. <u>Cleaning Public Areas</u> | 8. <u>Information & Referral</u> |

Source: UDA

Date: July 84

III. NEW OR EXPANDED SERVICES
(services reported to be under consideration for adoption by local government, including transfers of responsibilities from central government.)

- | | |
|---------------------------------|-----------------------------|
| 1. <u>Garbage Collection</u> | 4. <u>Day Care</u> |
| 2. <u>Feeder Transportation</u> | 5. <u>Parks Improvement</u> |
| 3. <u>Road Maintenance</u> | 6. <u>Expanded Adult Ed</u> |

Source: UDA

Date: July 84

IV. SPECIFIC SERVICE/FUNCTIONAL AREAS TARGETED FOR TECHNICAL ASSISTANCE
(services prior studies have indicated as special areas of need)

1. Financial Management
2. Planning

Source: USS

Date: Oct. 84

Step 3. FIELD THE TEAM

Field implementation of the Assessment takes place over three to four calendar weeks by a team of three consultants (on average).

For most applications, the consultants should have expertise in:

- Public Administration
- Municipal Finance
- Training/Institutional Development

Depending on the purpose of the Assessment, one of the specialists may be required to have specific service expertise, either in Civil Engineering or Public Works. In general, however, public administration and finance are essential skills for team members to possess.

In some settings, a research assistant or analyst can substitute for one of the specialists. This would be most appropriate for situations in which comparative data analysis or time series data may be available or in applications lending themselves to data or spreadsheet types of analysis.

The national level assessment and related training would require approximately one to one and a half calendar weeks for the team. Each municipality would require approximately one person week. For a typical Assessment, therefore, the national level assessment and two to three municipalities can be involved, depending on the size and distance from the capital of these municipalities.

III. HOW TO CONDUCT A MUNICIPAL MANAGEMENT ASSESSMENT

The first three steps of the Municipal Management Assessment are organizational. The last four steps are devoted to conducting the Assessment in the field. In this section, the activities to be conducted during a national level and municipal level assessment are detailed.

Step 4. CONDUCTING THE NATIONAL LEVEL ASSESSMENT

The National level assessment gathers information on;

- the functions municipalities perform in the total public sector;
- policy changes that are being considered that may expand or shrink municipal functions;
- specific enabling legislation and constitutional provisions that affect municipalities' ability to carry out those roles;
- the role of various national (and regional where appropriate) government ministries/institutions in regulating, providing technical assistance to, and providing financial assistance to municipalities;
- the capacity of these various national/regional institutions to carry out their functions vis-a-vis municipalities;
- specific constraints or practices at the national level that influence local level activity, for example, delays in returning locally generated revenues to the municipality; and
- broad financial performance information across all cities to assess the relative importance of central versus local revenues, trends, and differences by city type.

Three major activities are required to gather this information as summarized in Exhibit 2, MAJOR ACTIVITIES OF THE NATIONAL LEVEL ASSESSMENT--identifying key individuals and documents, conducting interviews, and interpreting the findings, (Activities N1 to N3). Each of these will be discussed next.

Exhibit 2

MAJOR ACTIVITIES OF THE NATIONAL LEVEL ASSESSMENT: STEP 4

N1. Identify individuals responsible for:

- a. Directing or coordinating local government activity or policy
- b. Collecting or maintaining data or information about local governments (e.g., tax receipts and disbursements, census of governments equivalents)
- c. Maintaining relevant census and socioeconomic data, inflation rates, etc.

N2. Conduct interviews of these individuals and gather data as appropriate.

N3. Interpret findings

Activity N1. Identify Key Individuals and Institutions

The degree of involvement of national level institutions in financing and providing local level, "municipal" services will vary considerably. At one extreme, municipalities are autonomous units of government, recognized constitutionally and by statute as service-providing levels of government. These municipalities have the authority to levy and collect various taxes and user charges and the responsibility to provide a wide range of services. At the other extreme, municipalities are local representatives of the national government with no separate legal authority for revenue generation and service provision.

Practically speaking, most developing countries fall in between these two extremes, with a greater concentration on national level involvement at the local level than is found in most western, industrialized economies. In general, in virtually all developing countries there is one national agency or ministry that has a predominant oversight role vis-a-vis municipalities. The most likely possibilities are:

Ministry of Local Government
Ministry of Interior
Ministry of Finance
Ministry of Planning (or National Planning Agency)

The first step in conducting the national level assessment, therefore, is identifying which one or more of these institutions, or others playing similar roles, have the most extensive and most authoritative relationships with municipal level institutions. While no special methodology exists for identifying these institutions, it is most likely that the genesis of the request to conduct a municipal management assessment (RHUDO, AID Mission) will have been predicated on some policy and program interest and knowledge of the main national level institutions. Prior to arrival in country, one should have at least a general idea of these institutions and should have communicated with the AID sponsors for the activity the desire to meet with key officials in these institutions within the first two days of in-country activity.

A Mission or RHUDO or other sponsor briefing for the municipal management assessment team that will focus on more detail than has been available via correspondence should be arranged upon arrival. Based on this briefing and review of background documents that in most cases will be available as part of the RHUDO or Mission municipal/urban program and policy agenda, one should have a preliminary idea of most of the major national level institutions.

If interviews have not been arranged already by the AID staff involved in requesting the assessment, initial interviews should be set up to begin as soon as possible. At least the major round of interviews at the national level should be completed prior to the first municipality in order to set the context and in order to avoid spending time at the municipal level learning basic national issues that could have been covered once, prior to any municipal travel.

During the early interviews, one also should determine whether other national level institutions not already identified are involved with municipal financing or service provision. These should be added to the list of institutions to be visited. With each individual contact, one should ask for names of other individuals within the same institution or other institutions that have an official role vis-a-vis municipalities or that are reputed to be particularly knowledgeable. Through this "snowballing" technique, one also will encounter names of individuals outside government who are, perhaps through research or academic institutions or simply as interested private citizens, knowledgeable about local level service provision and finance.

Activity N2. Conduct Interviews and Gather Data

Contact with individuals at the national level has two basic purposes:

- to assess the respective roles of the national and local levels in financing and delivering services, current policy and planned changes and preferences and beliefs about the potential capability of municipalities to carry out their current responsibilities and possibly expand those responsibilities; and
- to gather basic background data on the municipalities to be included in the municipal level assessments and, if possible, a sample of other municipalities to serve as a comparative base.

The protocols describing the basic interview and background data to be collected are provided in the Appendix.

The first purpose, assessing the respective roles of national and local levels, is critical to the overall objectives of the management assessment. National level institutions play a significant role in financing and providing municipal services in most developing countries. Furthermore, national legislation, constitutional provisions, and the actions of national institutions often are a major constraint, and in other cases a major capacitor, in municipal functioning. Before going to any municipality, it is important to have a clear idea of what the constraints and positive assistance are. These will provide key questions that should be addressed again at the local level and they will be important in interpreting the responses of municipal officials to questions raised during the municipal level assessment.

The second purpose, basic information gathering, is to obtain as much documentary information about individual municipalities as is available at the national level. It is quite common to find municipal budget information at the national level, including historical series, since even in countries in which municipalities are relatively autonomous, Ministries of Finance, Local Government, or the National Planning agency typically review or at least archive municipal budget information. In addition, it is useful to gather information about the economy of the region in which municipalities to be assessed are located and on transportation routes and other characteristics that affect municipalities' ability to raise revenues and that generate demands for services.

Activity N3. Interpret Findings

Prior to actually visiting municipalities, a preliminary interpretation of what is found at the national level is necessary. At the end of the process, a more complete analysis and interpretation are possible. Whether in the preliminary assessment or in completing the final report, one is looking mainly at the national level affects what municipalities carry out at the local level. There are 5 main foci to this analysis:

- Are there constraints at the national level that make it difficult or impossible for municipalities to generate revenues locally to finance services?
- Is there financial assistance for municipalities at the national level; is it provided on a timely basis; and is it provided in such a manner as not to be a disincentive to local municipal revenue generation?
- Are there constraints at the national level that make it difficult or impossible for municipalities to provide services in an efficient manner (such as national control over personnel salaries)?
- Is there technical assistance at the national level that improves municipalities' capability to carry out their service delivery functions? and
- Is there intent and/or interest at the national level in changing the current financial and service provision responsibilities of municipalities?

Step 5. CONDUCT THE MUNICIPAL LEVEL ASSESSMENT

At the municipal level, the Assessment gathers information on:

- the political and structural features of the municipality;
- the relationships among the municipality and national/regional ministries and other institutions viewed from the municipal level (the counterpart to the assessment of these same ministries/institutions from the national level);
- the legal and political ability to carry out the municipality's functions in the public sector;
- the organization of municipal services, including the role of parastatal and private sector organizations in public service provision;
- the organization and functioning of central support activities including personnel management, operating and capital budget planning and resource allocation processes, and accounting and accounting and other information support operations;
- the level of technical knowledge, based on the background, experience, and formal training, of principal municipal staff.

The Municipal Level Assessment involves four major activities which are summarized in Exhibit 3, MAJOR ACTIVITIES OF A MUNICIPAL LEVEL ASSESSMENT--touring the municipality, identifying roles and responsibilities, acquiring written data and conducting interviews (Activities M1 to M4). The entire Municipal Level Assessment should be repeated for each municipality included in the Assessment.

As was the case for the National Level Assessment, information collection protocols or guides are included in the Appendix. The following discussion focuses on the process of conducting the Municipal Level Assessment.

Exhibit 3

MAJOR ACTIVITIES OF A MUNICIPAL LEVEL ASSESSMENT-STEP 5

- M1. Tour the Municipality
 - M2. Identify and List Services and Responsibilities
 - M3. Acquire Written Data
 - M4. Interview Management Personnel
-
-

Activity M1. Tour the Municipality

One of the first activities the Assessment team should undertake is a tour of the municipality, not as tourists but rather as trained observers. A visual sense of the municipality, including its spatial distribution, the age, density and character of its neighborhoods, number of squatter settlements, traffic congestion, presence of garbage or standing water, and so forth, provides one with an understanding of the municipality that cannot be determined from interviews or paper data alone.

The team should visit sections of the city and municipal offices to observe service delivery. In addition, one should look for such factors as openness, communication, and respect among workers; the obvious existence of materials and equipment; busy or idle workers; and neatness or cleanliness in offices and in the city itself. [Specific things to note for individual services are included in the service delivery protocols in the Appendix.]

Do not take notes during the tour; only listen and observe, if possible. At the first opportune time, team members should corroborate perceptions and discuss impressions with each other. Exhibit 4 provides a list of the kinds of observations that should be made during the tour of the municipality.

Exhibit 4

OBSERVATIONS TO BE MADE DURING THE MUNICIPAL TOUR

CHARACTER OF THE MUNICIPALITY

- Distribution of Neighborhoods and Access
- Distribution of Squatter Settlements and Density
- General Condition of Structures

HEALTH & ENVIRONMENT (link to Public Works functions)

- Presence and Degree of Garbage, Sewage, Litter
- Presence and Degree of Standing Water
- Degree of Pollution of Lakes and Streams
- Presence of Abandoned Vehicles, Appliances

TRANSPORTATION (Link to Public Works functions)

- Condition of roads
- Congestion of Traffic, Pedestrians, Parking
- Condition of Sidewalks and Paths

PRODUCTIVITY

- Presence and Degree of Busy/Apparently Idle City Workers (in each department or division)
 - Presence and Degree of Equipment, Supplies, and Space for Staff
 - Neatness/Cleanliness of Work Environment
-
-

The next three activities of the municipal level assessment--identifying service responsibilities, gathering written data and interviewing key municipal managers--are not intended to be conducted in sequence. Each is to be completed for each service provided by the municipality and for the municipality as a whole.

It is important at this point to distinguish the key factors of interest in conducting the Municipal Level Assessment. Most important is to distinguish management work from technical work--the Municipal Management Assessment is to focus on the managerial capacity of the municipality.

Management activities occur at two levels within the municipality corresponding to two levels of activity:

- 1) city-wide management, including administration of all cross-cutting functions and direction of specific services. This would include, for example, personnel and financial management activities.
- 2) service-specific or functional management, including direction of individual departments, e.g., Public Works or Civil Records.

While Public Works managers have different technical work from Social Services managers, and both have different levels of responsibility from municipal administrators, all three have common management functions. Traditionally, these functions are:

Planning	Work to predetermine a course of action;
Organizing	Work to arrange activities so that they can be performed effectively;
Leading	Work to influence people to take effective action;
Controlling	Work to assess and regulate work in progress and evaluate its results.

In conducting the Municipal Level Assessment, these functions serve as useful organizing principles for understanding the managerial capabilities of municipal officials. These functions are not performed in isolation. And, individual managers may have more or less autonomy or authority for each of the management functions depending on the nature of the municipality, its history and culture.

In choosing the individuals to be interviewed, one should distinguish between managers and supervisors. Managers plan, organize, lead and control while supervisors concentrate on leading and controlling. The primary objective is to examine management. To the extent that managers direct supervisors, it is possible that effective supervision at the service-delivery level will be an issue to be identified for further study, but the focus should remain at the managerial level for the purposes of the Assessment. It will be far too easy to immerse one self in the operational details of the municipality and lose sight of the broader objective which is to ensure that effective managers are (or can be) put in place to deal with these operational details.

Exhibit 5 illustrates the points of application within service delivery functions using solid waste collection and disposal as an example. The first two columns are the focal point for the Assessment.

Exhibit 5

ILLUSTRATION OF LEVELS OF MANAGEMENT/DIRECTION
for
Solid Waste Collection and Disposal

GENERAL MUNICIPAL MANAGEMENT	DEPARTMENT MANAGEMENT/ DIRECTION	SUPERVISION/EXECUTION
Personnel	Hire Personnel	Train Personnel/Participate in Training of Work
Planning and Organizing	Determine Level of Collection Determine Route and Frequency	Collect According to Schedule and Routing
Purchasing/ Procurement	Budget, Purchase Equipment	Handle Equipment
Capital Bud- geting/Infra- structure	Select and Implement Disposal Methods	Dispose of Waste Collected According to Determined Procedures

The protocols for the Municipal Level Assessment are found in the Appendix. They are organized to reflect the common management functions at the two levels of implementation--city-wide and service-specific.

Within the service-specific protocols, again there are common management functions across all services in terms of planning, organizing, leading and controlling. Thus, there is a "generic" protocol for all managers. As necessary, specific items of interest associated with a given service, such as utilization of a landfill or scheduling of clinic hours, are included as attachments to the generic protocol.

Exhibit 6 includes a summary of the protocols illustrating this organization of the Municipal Level Assessment.

Ideally, the Municipal Level Assessment begins with the Mayor (or similar administrator/leader). Between the background information, the National Level Assessment and the Mayor, you should have a complete idea of the fiscal and service responsibilities of the municipality. You will then be in position to complete the remaining three Activities of the Municipal Level Assessment:

Activity M2. Identify and List Services and Responsibilities

Activity M3. Acquire Written Data

Activity M4. Interview Management Personnel

[See protocols in the Appendix]

=====

Exhibit 8

ORGANIZATION OF PROTOCOLS

NATIONAL LEVEL

- o Basic Documents to Obtain
 - Municipal Organic Statute
 - Annual Legislation
 - Other Statistics; Budgets
- o Agencies, Ministries
Organizations to Visit
 - Principle Local Government Oversight Agencies
 - Ministry of Finance
 - Ministry of Community or Urban Development
 - National Planning Agency
 - Regional Development/ Planning Agencies
 - Central Bank
 - Technical Assistance Agencies

MUNICIPAL LEVEL

GENERAL ADMINISTRATION

- o Planning
- o Financial Management
 - Revenues Estimation
 - Revenue Collections
 - Operations/Current Budgeting
 - Capital Facilities Planning and Budgeting
 - Cash Management
 - Debt Management
 - Purchasing
 - Accounting
 - Auditing
- o Personnel

SERVICE DELIVERY LEVEL

- o Overall Organization Structure
 - o Personnel
 - Distribution
 - Work Assignment Processes
 - Use of Contract or Non-Municipal Personnel
 - o Materials Acquisition and Management
 - o Work Process Management
 - o Client-Based Delivery
 - o Departmental Budgeting Process
- =====

Step 6. ANALYSIS AND INTERPRETATION

The Assessment should provide results at two levels of analysis which must be integrated to meet the purpose of determining an individual municipality's capacity to carry out service provision responsibilities.

The results of the NATIONAL level assessment are analyses of and recommendations on potential policy changes that may improve the capability of municipalities to carry out their present and potentially expanded roles in the public sector. These results are aimed at RHUDO and Mission staff to:

- assist in policy dialogues with the host country government,
- provide direct inputs into technical assistance and training strategies being developed by RHUDO and Mission staff, and
- provide direct recommendations for future RHUDO and Mission programs and projects involving national/regional level institutions that are directly involved with municipal governments.

The results of the MUNICIPAL level assessment can provide analyses and recommendations on:

- necessary local policy and legal changes,
- national policy and legal changes that may be needed, to the extent that these were not identified previously during the national level assessment,
- an evaluation of actual resource allocations in relation to prescribed functions,
- an evaluation of possible alternative service delivery strategies (including possible reorganization of some services, changed roles for parastatal and private sector organizations, and conceivably removing some responsibilities from the municipal level),
- recommendations for service delivery performance measures and standards to improve their cost effectiveness,
- recommendations on possible changes in budget structure and process, especially capital expenditure planning and budgeting for operation and maintenance costs,

- assessment of the adequacy of the authority of elected as well as civil service employees to carry out their responsibilities, and
- revenue mobilization and utilization.

These results will be direct inputs to RHUDO and Mission project design strategies, policy dialogues with the national government, and the development of technical assistance and training strategies.

The analysis and interpretation of the findings involves three major activities as summarized in Exhibit 7, MAJOR ACTIVITIES TO ANALYZE AND INTERPRET FINDINGS--organize the information collected, analyze and synthesize; and interpret and draw conclusions.

Exhibit 7

MAJOR ACTIVITIES TO ANALYZE AND INTERPRET FINDINGS-STEP 6

- A1. Organize the Data/Information Collected
 - A2. Analyze the Information
 - A3. Interpret and Draw Conclusions
-
-

Activity A1. Organize the Data/Information

In a short span of time you will have collected a large amount of data and information on the individual municipalities and on cities in general for a particular country. Most of this information will be descriptive, either reporting service delivery characteristics, service roles and responsibilities, or legal issues and constraints, for example. Because the Assessment is not an in-depth analysis of any particular issue, but rather a comprehensive look at capabilities across a variety of dimensions, the organization of the Assessment itself provides a convenient means of organizing the information and data you have collected. It will be most helpful to organize the information obtained first in terms of the way it was collected, i.e., national level, municipal level, and specific services within a municipality, and then with respect to the particular focus or purpose of the Assessment.

The protocols have been developed with this organization in mind. In particular, through the use of a Management Table, as described in the Appendix and as illustrated in the previous chapter, you will be able to identify specific management issues for analysis or discussion.

Activity A2. Analysis

The analysis and synthesis obviously will depend on the information and data collected in addition to the purpose of conducting the Assessment. In general, analysis will involve examining the national policy context, and for specific municipalities should examine the overall responsibility of the municipality, its financial condition, relationships with other governments and institutions, management support systems, and specific services provided by the municipality. These areas form the basis for the suggested outline for a Municipal Management Assessment Country Report, described in the next section.

Specific techniques for analyzing fiscal and managerial performance in both an absolute and relative context (i.e. comparisons with other municipalities) are provided within the protocols for the National and Municipal Level Assessments, respectively. In addition, key analytic issues to be considered are contained within each individual protocol. Specifically, suggestions are made on what to look for, reasons for collecting such information, and interpretation of findings.

Activity A3. Interpret and Draw Conclusions

At the beginning of the discussion of Step 6, ANALYSIS AND INTERPRETATION, there is a list of specific uses for the results of the Assessment. The purpose for the Assessment, i.e., the needs of the RHUDO or Mission, will determine the extent to which specific, targeted conclusions or recommendations are warranted above and beyond descriptive, summary information from which they may want to draw their own conclusions or recommendations.

Specific and generic training needs, personnel requirements, changes or enhancements to current practices, operational improvements, and policy directions are among the likely outcomes of an Assessment.

IV. DOCUMENTATION and FOLLOWUP

Step 7. PREPARING THE MUNICIPAL MANAGEMENT ASSESSMENT REPORT

The results of the Assessment should be documented in a country report. The report is to contain two major sections, the body of the report itself and an executive summary. Exhibit 8, SUGGESTED MUNICIPAL MANAGEMENT ASSESSMENT COUNTRY REPORT: ANNOTATED OUTLINE, provides a thorough description of each of the sections, including likely chapter headings.

The outline is intended to provide for uniformity (to the extent possible and practical) across Municipal Management Assessments. Departure from the outline may be necessary to address specific issues.

FOLLOW-UP (Optional Step 8)

Initiation of national level institution building and training may follow the initial Assessment. Additional municipal assessments may follow as appropriate for the country to be carried out mainly or exclusively by host country individuals.

In some countries, a considerable gap may separate the initial Assessment from a more general implementation of a larger number of individual municipal assessments. In this case, the findings from the National Level portion of the initial Assessment should be updated (not repeated) for national level changes in policies, programs, or legislation.

Exhibit 8

SUGGESTED MUNICIPAL MANAGEMENT ASSESSMENT
COUNTRY REPORT: ANNOTATED OUTLINE

I. Executive Summary

II. Purpose of the Assessment

(Since RHUDO, Mission and Country purposes in conducting the Assessment vary, the first section of the report will discuss program and policy issues that led to the Assessment, providing a rationale for the particular foci of the report.)

III. National Policy Context

(This section examines the role of cities in the national public administration, detailing the specific services for which cities are responsible, their resource base for providing those services, and the degree of autonomy and overlap with other public sector institutions in service provision and resource generation. Where important, the role of cities will be differentiated by primary and secondary city or other size classification. This chapter also will identify the existing constraints on municipalities' ability to perform their role and the role of other public sector institutions in providing funds, technical assistance or other help to municipalities.)

The likely chapter topics for this section are:

- A. The service provision (and other, such as promotion of economic development) role of cities in the public sector and legal and institutional constraints.
 - B. The resource base available to cities and legal and institutional constraints.
 - C. The function(s) of national and possibly other (e.g., regional development corporations) in assisting municipalities in performing their role.
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Exhibit 8 cont.

SUGGESTED MUNICIPAL MANAGEMENT ASSESSMENT
COUNTRY REPORT: ANNOTATED OUTLINE

IV. Individual Municipal Level Assessment

(This section reports on each individual municipality examined by the Assessment team. In principle, the methodology assumes that after the National Level Assessment 3 to 4 individual municipalities will be assessed. This number is sufficient to examine the range of variation in most countries and to provide sufficient information for policy dialogue and project development activities. It is possible, of course, that a larger number of municipalities may be examined to meet individual RHUDO, Mission and country requirements, or that the entire activity may focus only on one or two large, complex cities. It also is possible that the National Level Assessment may be completed at one time with the necessary 3 to 4 individual Municipal Level Assessments and then subsequent individual Municipal Level Assessments carried out with only quick updating of national level changes occurring since conduct of the original Assessment)

The likely chapter topics are:

- A. Introduction
 - B. Overall service provision and other (e.g., promotion of economic development) roles of the municipality. (Analogous to Chapter IIIA, but as viewed by municipal officials).
 - C. Financial/condition of the municipality (tax and rates bases, use of credit, dependence on external transfers, adequacy of the valuation process, efficiency of collection mechanisms).
 - D. Intergovernmental relations (Analogous to Chapter IIIC, but as viewed by city officials).
-
-

Exhibit 8 cont.

SUGGESTED MUNICIPAL MANAGEMENT ASSESSMENT
COUNTRY REPORT: ANNOTATED OUTLINE

- E. Management support systems include:
 - 1. The planning process,
 - 2. The budgeting process,
 - 3. The accounting system,
 - 4. The management information support (central or other),
- F. Public works services (describe and evaluate individual services as provided).
- G. Social services (describe and evaluate individual services as provided).
- H. Public safety services (describe and evaluate individual services as provided).
- I. Civil records services (describe and evaluate individual services as provided).

V. Conclusions and Recommendations

- A. National level (summarize major policy issues, legal, institutional, financial, and personnel constraints, and recommended strategies/programs).
- B. Municipal level (summarize major problems/constraints and recommended strategies/programs).

APPENDICES

APPENDIX

INFORMATION COLLECTION PROTOCOLS

I. INTRODUCTION

This Appendix contains information collection protocols and instructions for conducting a Municipal Management Assessment. It is divided into two major sections for the National Level and the Municipal Level Assessments, respectively.

The National Level Assessment protocol contains a description of the basic documents to obtain and suggested agencies, Ministries, and other organizations to visit. Specific questions to be asked or information to be gathered from representatives of each of these groups are included by type of agency.

Protocols for the Municipal Level Assessment are divided into sections representative of each level of management and/or associated public service. First are the protocols to be used for the overall management of the municipality. These are termed GENERAL ADMINISTRATION and include planning, financial management, and personnel.

The next level of management is at the individual service level--individual public works functions, public facilities, and social services functions. Since, however, there are management functions that are common to any service, the second set of protocols are for GENERAL ISSUES TO CONSIDER WITH EACH SERVICE DEPARTMENT, DIVISION, DIRECTORATE, OR OTHER SUBUNIT. The questioning/information collection contained in this protocol should be repeated for each service provided (or under consideration as appropriate) by the municipality.

The third and final set of protocols cover those issues specific to an individual service, for example, distribution of clinic supplies or operation of a landfill. These are included in the section, SPECIFIC ISSUES FOR SPECIFIC SERVICES.

Each of the three sets of protocols for the Municipal Level Assessment are arranged in the same way. For every issue, we describe INFORMATION/DATA COLLECTION, which includes a list of the documents to be obtained and questions to be asked of the appropriate municipal official. These questions are not provided in questionnaire format to be used verbatim. Rather, they reflect the information item of interest, and questions should be phrased in the way that is most comfortable and appropriate to the interview setting.

Immediately following the information/data collection section are ANALYTICAL ISSUES/QUESTIONS. These should be used to interpret and analyze the information collected.

II. NATIONAL LEVEL ASSESSMENT PROTOCOL

BASIC DOCUMENTS TO OBTAIN

1. Municipal Organic Statute may include constitutional provisions--or national legislation describing the principal functions and principal sources of revenues of municipalities. There may be more than one basic statute or there may be a basic, organic statute and then subsidiary pieces of enabling legislation (e.g., in many Latin American countries there is the Ley Organica de Municipalidades and then various Relamientos).

Source: Most likely sources are; the ministries primarily responsible for overseeing municipalities or for providing assistance (e.g., Ministry of Interior, Ministry of Local Government, National Planning Agency). At the same source, obtain any other statutory and regulatory material describing municipal roles, responsibilities and sources of funds.

2. Annual Legislation (or administrative regulations) prescribing specific municipal tax rates and/or fees for services. While in some countries municipalities may be free to set rates for themselves, it is more likely that specific rate structures or ceilings are set nationally. Obtain copies for several years in order to note the frequency and degree of change.
3. Other Centrally Maintained Documents
 - a. Statistics (population growth, employment, regional economic activity, major sources of economic activity, etc.).
 - b. Intergovernmental financial interactions (amounts of Central Government transfers to municipalities and vice versa).
 - c. Municipal budgets (often maintained, even if not formally reviewed or approved by a Central Government agency--most likely sources include the Ministry of Finance, Treasury, Local Government or National Planning Agency).
 - Obtain for municipalities which will be included in the individual level assessments.
 - Obtain for a sample of similar municipalities.
 - Obtain overall national summaries by budget element.

For the individual municipalities to be assessed, for the sample of similar municipalities, and for all municipalities in the aggregate, calculate comparative statistics (for a several year history if possible) on:

- Total Revenues divided by Total Expenditures.
- Percent of total revenues developed locally.
- Percent of total revenues from central transfers.
- Percent of total revenues from borrowing.
- Percent of total revenues by major tax or user charge.
- Percent of total expenditures for current operations.
- Percent of total expenditures for capital investments.
- Percent of total expenditures for personnel and related benefits.
- Percent of total expenditures for loan principle repayment.
- Percent of total expenditures for loan interest repayment.

AGENCIES, MINISTRIES, ORGANIZATIONS TO VISIT

1. Ministry of Interior, Local Government, Community Development, Urban Development, etc. Contact the Ministry or national agency that has the principal oversight or regulatory function vis-a-vis municipalities. Arrange to interview both a political level official (one whose tenure is dependent on electoral politics or changes when the government changes) and staff or bureaucratic level officials (those whose tenure does not automatically change with changes in government).
 - a. Discuss the roles municipalities play with respect to:
 - Service provision (what specific services?);
 - Infrastructure investment (what basic infrastructure is dependent on municipal provision?); and
 - Economic development (what promotional roles?);
 - b. Discuss the role of the national government in providing services at the local level.
 - c. In both a. and b., distinguish between responsibility for providing funds and responsibility for carrying out the service.

- d. Determine the sources of municipal revenue, distinguishing among those raised by the municipality at the local level and retained for their autonomous use, those raised at the local level and passed on to the Central Government with the municipality retaining a portion for their own use, and those raised by Central Government and provided by some means of transfer.
 - What restrictions are there on use of funds, by source?
 - What restrictions are there on rates, ceilings, general-ability to determine amounts collected and from whom?
- e. Determine the legal opportunities and limitations on municipal borrowing.
 - Are municipalities restricted with respect to lending source?
 - Are municipalities limited in total indebtedness (such as a fixed percent of current revenues or any other standard)?
 - Identify all terms and conditions under which municipalities may or may not borrow (see separate item below for institutions that lend to municipalities).
- f. Obtain names and titles of municipal contacts.

2. Ministry of Finance

- a. If the Ministry of Finance (or Treasury or other financial or budgetary agency) is involved at all with municipalities, review the same questions/issues as in 1.c. and d. above.
- b. Determine the extent to which municipal budgets and/or taxes must be reviewed at the Central government.
- c. Determine the extent to which the form and process of budgetary decision making (preparation, execution and accounting) are set by national statute, regulation or ministry directive.
- d. Determine the types and extent of changes in municipal proposed revenue generation and expenditures that actually are made at the Central Government level.
- e. Determine municipal counterparts or even employees, if relevant (e.g., in the Philippines, the Municipal Treasurer is an employee of the Central Ministry of Finance rather than a municipal employee). Obtain names for the municipalities selected to be assessed.

3. Ministry of Community Development, Urban Development, National Water and Sewer Board, etc. To the extent that local infrastructure services such as water and sewer, municipal street construction (and maintenance) and similar services that municipalities in some developing countries provide for themselves are provided by a national agency, board or ministry, then visit(s) to those agencies are necessary.

- a. Describe the specific services that are provided by the national agencies.
- b. Do municipalities have any role in determining who will receive the service, at what costs (user charges or other rates), how services will be expanded to presently unserved areas, etc.?
- c. Does the agency coordinate its infrastructure construction planning with municipal planning officials or appropriate municipal departments (e.g., is the construction of water lines coordinated with the municipal street maintenance department)?
- d. Determine whether the municipality has any subsequent role in operation and maintenance or extension to peripheral service areas while a Central agency provides the construction and main operation.
- e. How are funds provided for these services? To what extent, if any, are municipalities involved in the funding?
- f. What is the attitude of agency officials about municipalities being capable of providing these services at some time in the future; of providing the operation and maintenance; of extending services into areas not covered by the Central agency service system?
- g. To the extent that the attitude is favorable, what rationale is given (e.g., more efficient to provide at the local level; to relieve Central Government of financial burden, etc.)?
- h. To the extent that the attitude is unfavorable, what rationale is given (e.g., municipal officials are not technically capable; are not efficient; are not honest; or fear of loss of power or jobs in the Central Government agency or office, etc.)

4. National Planning Agency

- a. Determine the extent to which the national planning agency has a formal oversight role over municipal investments, budgets, planning, and/or infrastructure decisions (e.g., CONADE

in Ecuador reviews municipal budgets, comparing proposed with previous completed years, and can force a municipality to revise its budget).

- b. Determine the extent to which the agency reviews municipal budget and service delivery plans or functions as a mechanism for coordinating municipal actions with national economic development planning. Is the review for information purposes, or are there mechanisms for the agency to encourage or force changes in municipal planning (e.g., are incentives used such as availability of Central Government funds for those aspects the Central Government wishes to see municipalities engage in and/or can the agency simply reallocate municipal resources)?
- c. Determine the relationships among the agency, regional planning or development agencies (e.g., development corporations) and municipalities. Can the regional development/planning agencies override or otherwise dictate any aspect of municipal governance?

5. Regional Development/Planning Agency

Cover the same basic points as in 4.a. through c.

6. Central Bank and other Banks (public or private) that lend, or are authorized to lend, to municipalities.

- a. Obtain the terms and conditions for each "lending window" available from each lending institution for municipalities including:
 - interest rates;
 - the percentage of total project cost that may be borrowed;
 - the extent of municipal matching requirements;
 - the extent to which municipalities may meet part of the project cost through non-cash contributions such as labor;
 - the limitations on total amount of indebtedness;
 - the extent to which interest rates and other terms coincide with current market rates of interest (degree of subsidy);

- the extent to which loans are linked with other Central Government programs which may provide partial funding through grants or other earmarked or specific transfers (e.g., transfers tied to the project being financed by borrowing as opposed to general current or capital budget support through transfers);
 - the extent to which loans are linked with Central Government technical assistance programs.
- b. Determine the circumstances in which municipalities may borrow. Distinguish among loans available to all municipalities versus those available only to a subset.
 - c. Determine the size of each lending institution's portfolio of municipal loans, disaggregated by lending window.
 - d. Review, through interview, the lending institution's history with municipal lending, focusing on perceived problems, ability of municipalities to repay, purposes for which municipalities borrow, etc.
7. Technical Assistance Agencies (these may be the same agencies already identified in 1. through 6. above, but may also include municipal development banks, governmentally funded institutes of public administration, or other agencies not previously listed).
- a. Describe the range, types, volume, and eligibility for, for all forms of regular technical assistance, e.g.,
 - engineering and other project design assistance;
 - planning assistance;
 - training for municipal employees (detail types, availability, extent of use).
 - b. Determine levels of staffing available for providing technical assistance and training to municipalities:
 - number;
 - training (degrees or technical skills);
 - c. Determine locations at which technical assistance and training is provided and the actual distribution of previous provision.
8. Legislature i.e., if there are legislative committees or comparable organized subsets of the legislature responsible for municipal legislation or other oversight.

Cover the same basic points as in 1. through 7. above, deleting those for which the legislative body has no involvement.

III. MUNICIPAL LEVEL ASSESSMENT

A. PLANNING

INFORMATION/DATA COLLECTION NEEDS

- a. Obtain the following documents/items if available
 - Written goals and objectives.
 - Standard operating procedure manuals.
 - Budgeting and Financial Statements.
 - Management letter rendered by external auditors/auditor general.
 - Government and other regulatory documents.
- b. Which external agencies/institutions influence the municipality in policy, financial, and regulatory matters? How is citizen influence obtained?
- c. Who in the municipality maintains contact with National decisionmakers and how active are the strategies to influence the key external institutions?
- d. What kind of public relations activities are carried out to further local government goals?
- e. What are some of the key external difficulties? Note examples of problems that have been overcome and through what type of solutions.
- f. Are there mechanisms (e.g. Advisory Councils, neighborhood groups) that permit regular input from municipal residents into the planning process?

ANALYTICAL ISSUES/QUESTIONS

- With regard to the external environment, how responsive is the municipality to changing conditions? To the views of its residents?
- What degree of concern is there for municipal objectives and how effectively are programs, policies and procedures coordinated?
- How does the organizational structure respond to the municipality's short and medium term objectives?
- How effective are the programs? Are they flexible to accommodate changing conditions? Are they reviewed and revised periodically?

- Are the programs and plans supplemented with specifications on how they operate?
- Are there selected performance standards or indicators against which actual results can be measured to evaluate performance?
- Does upper management have a clear idea of the municipality's mission and goals?
- Are their staff familiar with objective(s) of the department?

B. FINANCIAL MANAGEMENT SERVICES/FUNCTIONS

Financial management related functions or services may be organized into one or more departments or into separate divisions of an executive office in support of the Chief Executive. Some of the functions to be examined may be performed only informally or in conjunction with other activities, but are separated here in order to assure a complete assessment of the municipality's financial management practices. In all cases, the assessment should start with organization charts and a management and staffing table in order to assess the overall allocation of staff effort to the different functions. In addition, from the charts, an information and interaction flow diagram should be developed to indicate the presence and absence of information exchange among different sources. Exhibit A.1 lists the areas of financial management that should be considered and for which information collection protocols are provided.

Exhibit A 1.

FINANCIAL MANAGEMENT FUNCTIONS

1. Revenue Estimation
 2. Revenue Collections
 3. Operations or Current Budgeting
 4. Capital Facilities Planning
and Budgeting
 5. Cash Management
 6. Debt Management
 7. Purchasing
 8. Accounting
 9. Auditing
-
-

1. REVENUE ESTIMATION

INFORMATION/DATA COLLECTION

- a. What are the primary methods for estimating future revenues by major revenue source?
- b. Do the forecasting methods take into account changes external to municipal action (e.g., rate of new business formation, rate of decline in economic activity, inflation rates, foreign exchange rate fluctuation, national policy, etc.)?
- c. Who makes the final decision on what estimates to include in the annual budget and, if different from the estimation staff, whose judgment is finally accepted?

ANALYTICAL ISSUES/QUESTIONS

- How accurate have these estimates been in preceding years, by major revenue item?
- Do the estimation methods take into account collection practices and overall collection efficiency?
- Are the estimation staff in effective communication linkages with revenue collection and other policy staff?
- Are there pressures to produce optimistic versus realistic revenue estimates?
- To what extent are various forms of sensitivity or what-if analyses performed and how are they presented to the relevant policy-making bodies?

2. REVENUE COLLECTIONS

(Many of the items below may have to be distinct for each major revenue source.)

INFORMATION/DATA COLLECTION

- a. What is the degree of centralization of collection of different revenues (e.g., are all municipal revenues handled through one central place)?
- b. Whether or not the collections are centralized, are records of revenue obligations of individuals, organized entities, and locations (e.g., properties) linked to show obligations, receipts, arrears, etc. by the liable individual or group?
- c. What sanctions are available in the case of late or non-payment?
- d. What type of system(s) is(are) used to track taxpayer (user) obligations?
- e. What are the frequencies and methods of valuing property or other elements subject to some form of tax or charge based on value?

ANALYTICAL ISSUES/QUESTIONS

- What is the official and what is the actual length of time between a payment being due and action taken to collect?
- How effective are methods for clearing delinquent accounts?
- How effective are collections including:
 - collection efficiency = the ratio of (taxes/charges due) to (taxes/charges collected); and
 - collection effectiveness = the ratio of (taxable/chargeable value) to (taxes/charges assessed)?
- Are the methods used for revaluing sensitive to actual changes in conditions and values?
- Are analytical studies performed to relate the cost of providing a service to the cost imposed on the user? If so, what do they show?
- Are analytical studies performed to relate the cost of collecting a fee or charge to the revenue received? If so, what do they show?

3. OPERATIONS OR CURRENT BUDGETING

INFORMATION/DATA COLLECTION

- a. At what level(s) is the annual operating budget prepared?
- b. At the central level, is the budgeting form and process by choice of the municipality or is it imposed by another level of government?
- c. Is the operating budget formulated by organizational unit, work activities, program goals/objectives, or other?
- d. Is the budgeting form and process perceived to be workable? How should it be changed in the view of municipal budget personnel?
- e. To what extent are departmental budget estimates revised at a central level in the municipality? On what basis?
- f. To what extent is unit cost for services information available and utilized?
- g. What costs are not controlled by the municipality (e.g., central government determination of salary levels)? What proportion of total municipal costs are in this sense uncontrollable?
- h. What is the general view of the purpose of municipal expenditures (e.g., providing services at lowest cost, at highest quality, providing employment, etc.)?
- i. What is the dominant orientation for budget decisions (e.g., incremental deviations in line items from previous budgets, volume of services to be delivered and unit cost estimates, end product or program accomplishments)?

ANALYTICAL ISSUES/QUESTIONS

- From the perspective of budgeting personnel, how accurate and timely is the accounting information support?
- Does the municipality have authority for making operating budget decisions and control over costs commensurate with their responsibility to provide services (i.e., for those costs which are reasonably controllable, does the municipality or the national government have the authority to determine the expenditure level)?

- Are the procedures for determining the operating and maintenance implications of capital budget expenditures (see separate capital budgeting issues) adequate for estimating current budget impact for the budget year and succeeding years?
- In the review process, are proposed budgets analyzed in terms of costs per unit of work or service delivered or program benefits versus costs? Are future year expenditure implications for new programs or activities spelled out?
- What is the proportion of current or operating budget attributable to personnel and benefits costs?

4. CAPITAL FACILITIES PLANNING AND BUDGETING

INFORMATION/DATA COLLECTION

- a. Is there (and if so, obtain), a capital facilities inventory including age (i.e., original construction date and reconstruction date, if any), expected lifespan at construction and reconstruction, material of construction, construction cost (or purchase price), replacement cost, maintenance schedule, maintenance record, etc. of all capital facilities (e.g., buildings, unimproved property, streets, water and sewer lines, drainage canals, monuments, stadia, etc.).
- b. What is the process for determining need for new and/or reconstruction of capital facilities?
- c. How sensitive is that process to information of the type in an inventory of assets (a.) and to changing conditions (e.g., population change, increasing risk of health and safety problems, increasing demand for services)?
- d. What is the process for determining priorities?
- e. What is the long and short term planning horizon (i.e., for how many years are needs projected, for how many years are cost estimates prepared, for how many years are detailed designs and specifications prepared)?

ANALYTICAL ISSUES/QUESTIONS

- Is citizen input to capital facilities needs identification and priority setting adequate?
- Are individual projects identified in the budget?
- Are capital projects appraised for technical and financial viability?
- Are mixed sources of funding (e.g., current budget surplus, sinking funds, borrowing, grants) evaluated for their differing impacts on the municipal budget and its overall financial situation?
- Are operation and maintenance costs for each capital project, including estimates for the useful life of the facility (equipment, etc.), identified in such a way as to provide useful inputs into the current budget planning process?

5. CASH MANAGEMENT

INFORMATION/DATA COLLECTION

- a. How and where are municipal cash accounts kept?
- b. How far ahead (or behind) are cash account balances of monthly cash disbursements?
- c. How long does it take for revenue receipts to be recorded and deposited into appropriate accounts to be available for expenditures, investments, short term interest bearing deposits, etc.?

ANALYTICAL ISSUES/QUESTIONS

- Are reserves sufficient to handle cash flow problems (i.e., how many months of cash outflow are available in reserve and what is the historical experience with this reserve quantity)?
- Are reserves in non interest bearing accounts too large (i.e., is an there opportunity for short term investments)?
- Are controls on cash accounts adequate (i.e., are they in accordance with the form of appropriation or enabling legislation and is the method of accounting sufficient to reconcile cash disbursements with legally appropriated purposes)?
- Is the degree of clearance and control for cash disbursements sufficiently slow or complicated to encourage informal attempts to bypass and/or to discourage vendors from working with the municipality?

6. DEBT MANAGEMENT

INFORMATION/DATA COLLECTION

- a. Are all municipal long term and short term debts centrally monitored?
- b. Are there local or national requirements on the level of long and short term indebtedness (e.g., expressed as a percentage of current revenues)?
- c. How are municipal budgets projected over a several year period as a base for estimating the impact of additional long term debt?
- d. Does the municipality use long term debt instruments for capital financing?

ANALYTICAL ISSUES/QUESTIONS

- Are national restrictions on amount of indebtedness too restrictive to allow municipal discretion or are municipalities overextended?
- Could the municipality invest in a larger level of infrastructure if existing revenues are leveraged by use of credit?
- Does the municipality project future revenue and expenditure patterns in order to assess the impact of additional borrowing on future financial condition?
- Do there appear to be, and do municipal officials feel there are, adequate sources of credit available to municipalities?

7. PURCHASING

INFORMATION/DATA COLLECTION

- a. What is the degree of centralization of purchasing?
- b. Is centralized purchasing used for materials only, contracts only, or both?
- c. To the extent that purchasing (and contracting) are decentralized, is there central oversight of procurement practices?
- d. Are multiple vendors and multiple bids sought?
- e. What is the basis for bidding specifications (lowest purchase price versus lowest life cycle cost and detailed design specifications versus performance specifications)?
- f. To what extent are inventory costs considered in decisions about amount and frequency of purchases?

ANALYTICAL ISSUES/QUESTIONS

- Is there opportunity for achieving additional economies of scale by more centralized or more volume-based purchasing?
- Are storage facilities adequate and safe against loss or deterioration? Are control procedures adequate to permit a greater degree of volume purchase and storage?
- Are there delays in carrying out work activities while permission is granted to buy, or obtain from inventory, materials and minor equipment?
- Are local vendors available, and if so, are they willing to provide the same unit costs in smaller lots so that the municipality, in effect, can let vendors hold the inventory?

8. ACCOUNTING

INFORMATION DATA COLLECTION

- a. What is the primary basis for accounts (e.g., cash, accrual, cost, other)?
- b. Are departmental or divisional or unit accounts kept at the lowest level matching authority to spend?
- c. Are accounts matched with present or potential measures of volume (at a level at which one can identify the amount of work carried out and the cost to carry it out)?
- d. What is the main function/orientation of the accounting department/unit (e.g., control/limit expenditures, provide management information related to costs, assure the legal basis for expenditures)?
- e. After the budget has been approved, is spending authority allotted by periodic intervals during the fiscal year so that respective cost centers know their spending limits?
- f. Are department heads or other managers allowed to reallocate funds within appropriations without approval from upper management? To what degree?
- g. Are there periodic reports on actual expenditures, encumbrances, and revenues against budget?

ANALYTICAL ISSUES/QUESTIONS

- Are accounting reports adequate to prevent obligations in excess of budgeted expenditures?
- Are accounting procedures (e.g., pre-expenditure allocations and controls) adequate to prevent deliberate or accidental misappropriation?
- Does the accounting system provide data on expenditures and encumbrances not only for each appropriation account but also by work activities, program elements, and special projects?
- Is there a capacity to generate the data required to determine the full costs of individual programs, activities and special projects?
- Is accounting seen as limited to financial controls or is it an element in providing management information for decision making?

9. AUDITING

INFORMATIONAL/DATA COLLECTION

- a. Is the municipal accounting system and its records and procedures audited annually by an independent entity? Is that entity private or part of the central government?
- b. Does the municipality have internal auditors to conduct periodic reviews of the financial operations of selected municipal activities and units?
- c. Is there a program for a periodic audit of performance or work procedures and management practices?
- d. Are there standard operating procedures for responding to financial and performance audits to insure adequate feedback to the budgetary process?

ANALYTICAL ISSUES/QUESTIONS

- Is there a record of previous audit exceptions? What is the magnitude of typical exceptions? How deficient do previous audit reports consider the municipal accounts?

C. PERSONNEL

INFORMATION/DATA COLLECTION

- a. Obtain the following documents/items if available
 - Job description manuals.
 - Standard operating procedure manuals.
 - Salary and wage guidelines.
 - Transfers and promotions policies.
 - Performance evaluation forms and instructions.
- b. Does the personnel office have a staffing draft corresponding to the municipal organization chart showing the number and types of employees by department/unit?
- c. What role(s) does the office perform in hiring, training and determination?
- d. Do departments make known their personnel and/or training requirements?
- e. What role(s) does the office perform in determining overall salary increase and fringe benefits policies?
- f. Does a procedure manual exist with written procedures and job descriptions for each position in the municipality?
- g. What are their procedures for recruitment or selection of personnel to fill vacancies or new positions?
- h. Is there a system for updating personnel records? Are they reviewed and used by the personnel department?
- i. Are there selected performance standards or indicators against which actual results can be measured to evaluate performance?
- j. Is there an annual job evaluation and review program?

ANALYTICAL ISSUES/QUESTIONS

- Is the personnel organization chart compatible with the organization in the functional area?
- Is the personnel department adequately staffed?
- Are reporting relations defined and understood by personnel?

- What degree of concern is there for personnel objectives and how effectively are programs, policies and procedures coordinated?
- Is there effective control of employee overtime?
- What significant deviations are detected on personnel costs? What corrective action takes place?
- Does personnel management have an open line of communication with all department managers?
- What is the organizational climate as evidenced by high morale and positive attitudes of employees?

**D. GENERAL ISSUES TO CONSIDER WITH EACH SERVICE DEPARTMENT,
DIVISION, DIRECTORATE OR OTHER SUBUNIT**

1. OVERALL ORGANIZATION STRUCTURE

INFORMATION/DATA COLLECTION (see Section 2. PERSONNEL DISTRIBUTION)

- a. Obtain organization chart.
- b. Discuss the organization of the service department.
- c. Determine physical location of personnel by division, department, etc.
- d. Construct Management Table (see Section F). [Note: This may be done for the whole municipality if appropriate.]

ANALYTICAL ISSUES/QUESTIONS

- Are common personnel skills grouped within the same division or subunit (e.g., an engineering division, a motor pool, a labor pool, etc.)?
- Are common personnel skills grouped together physically within the same location?
- Are personnel requiring access to the same equipment and/or materials located physically near the equipment?
- Where personnel are not grouped structurally and/or physically, is the separation justified on the basis of:
 - (1) geographic subdivisions;
 - (2) necessary subspecialization of skills;
 - (3) span of control;
 - (4) unionization or similar factors more or less out of the municipality's control;
 - (5) desire to show municipal government presence around different parts of the city;
 - (6) seasonal differences?

The general assumption is that personnel who have the same basic job assignments or similar sets of skills requirements can be located within the same organizational group and/or located physically together more efficiently than if separate. Similarly, personnel who need access to the same equipment and/or materials can be located physically proximate more efficiently than if separate. There are numerous sound reasons for deviating from this norm, however, including those listed above.

2. PERSONNEL

2.1 PERSONNEL DISTRIBUTION (e.g., among departments, divisions, subunits, etc.)

INFORMATION/DATA COLLECTION

- a. Determine number by each subunit as detailed as possible.
- b. Determine number by type of job classification or skill prerequisite (e.g., whichever distinguishes among personnel most effectively in terms of what they are required to do on the job).
- c. How many management levels are there before reaching operational service provision level?
- d. How many (i.e., what proportion) field personnel versus office personnel (e.g., for functions of like engineering design, a person working in the office developing engineering drawings is a field person; his/her supervisor(s) not normally engaged in developing drawings are office)?

ANALYTICAL ISSUES/QUESTIONS

- Is the information available from an accessible, central source or does it have to be developed within each subunit?
- Is the municipality able to determine how many personnel are on the payroll, and how many are full-time, part-time or otherwise?
- In conjunction with information gathered about overall organizational structure, does the municipality appear to be over- or underorganized (e.g., many distinct subdivisions with overlapping or similar responsibilities that would lend themselves to grouping together; too many layers of hierarchy and too many divisions that create large numbers of administrative or non-technical supervisory personnel)?

- 2.2 PERSONNEL WORK ASSIGNMENT PROCESSES (within subunits the assumption is that there is regular or periodic work to be performed, short term or emergency repair/response work, and medium term work that was unanticipated when schedules were prepared but still permits some scheduling because it does not have to be performed immediately).

INFORMATION/DATA COLLECTION

- a. What proportion of time is planned for regularly scheduled work?
- b. What proportion of time (total personnel time and/or total field staff time) is spent on unscheduled or short term repair/response work?
- c. What proportion of planned time actually is spent on scheduled work?
- d. How are prepared schedules altered to fit medium term work that is discovered after schedules are prepared?
- e. What is the amount and proportion of slack or un(under)-utilized labor?
- f. How are equipment and materials schedules (availability of equipment and materials) meshed with personnel schedules?
- g. To what extent are schedules subjected to some degree of analysis for optimizing time, distance and matching of personnel, equipment and materials?

ANALYTICAL ISSUES/QUESTIONS

- On the walking tour and/or other opportunity to visit work sites (e.g. maintenance garages, public works field offices, social/health/other client service delivery offices, etc.) observe the extent to which personnel who normally would have field responsibilities or client contact responsibilities are apparently unoccupied or are waiting for assignment. Try to estimate the proportion of personnel in this situation.
- Is there a seasonal cycle to the work pattern so that short run, emergency type work is more likely at certain times than at other times? If so, how is the slack necessary during these times created (e.g., hiring additional personnel on a short-term basis, holding people in reserve, etc.)?
- Is there any indication that personnel are idle some proportion (estimate proportion) of time due to equipment or materials unavailability?

- Are personnel ever reassigned across departmental lines on a temporary basis to avoid too much slack, or are departmental assignments rigid?
- Are records kept of work assignments, normal operations, and work accomplished and, if so, are these used to prepare some type of forward plan that estimates (or could be used to estimate) the work activities necessary for the next year and the personnel and other resources that will be necessary to carry out those activities?

2.3 USE OF CONTRACT OR NON-MUNICIPAL PERSONNEL

INFORMATION/DATA COLLECTION

- a. Describe the system as (1) direct administration (i.e., municipal employees plan, supervise and carry out the work); (2) mixed (i.e., municipal employees plan and supervise the work but temporary or contracted personnel carry out the work); (3) partially contracted (i.e., municipal employees plan and supervise the work but contract with a contract- or to provide the implementation personnel); and (4) fully contracted (i.e., the municipal role is limited to specifications for a contract and to administering a contract to a private party to carry out the entire work).
- b. What types and what proportions of personnel skills are obtained via consultants or contracting?
- c. How regular is the use of external personnel?
- d. How many full time equivalents (by skill category) are obtained externally?

ANALYTICAL ISSUES/QUESTIONS

- How do the cost of external personnel compare with those of municipal personnel?
- Is there an opportunity for improved efficiency including collar cost and availability when needed for further contracting out or additional municipal hiring?

3. MATERIALS ACQUISITION AND MANAGEMENT

INFORMATION/DATA COLLECTION

- a. How centralized are materials purchases?
- b. What is the inventory loss rate?
- c. Are multiple sources sought with competitive bidding?
- d. Are specifications for materials purchases performance based or specific design requirements based?

ANALYTICAL ISSUES/QUESTIONS

- Are materials purchased in sufficient volume to achieve economies of scale in purchasing?
- Where appropriate, are life cycle cost specifications considered in seeking/evaluating bids?
- Is the process of obtaining materials from inventory for use controlled to prevent accidental or deliberate loss?
- Are inventory controls unnecessarily cumbersome in the volume of paperwork or signoffs?

4. WORK PROCESS MANAGEMENT

INFORMATION/DATA COLLECTION

- a. To what extent are quantitative and qualitative measures of the volume of work kept? (if any, obtain, for several years if possible).
- b. To what extent are records kept of the specific facility or location at which work is performed so that a repair and maintenance log of the individual element (i.e., section of street, building and part of building, section of drainage canal, etc.) can be maintained?
- c. To what extent is available information on the quality, quantity and condition of facilities provided to the department/unit responsible for capital facilities planning? How is this information provided?
- d. To what extent are measures of service coverage kept (e.g., proportion population served, proportion of geographic area, proportion of buildings etc.)?
- e. How and by whom are services scheduled (i.e., pickups per day or week; days and hours open to serve citizens)? How are emergencies in service (i.e., emergency repairs, special pickups, etc.) scheduled and how do emergency responses affect routine operations?
- f. Are there specified operating standards? Are these communicated to supervisors, and other personnel? How? Are there operating procedures manuals for:
 - Administration (record-keeping);
 - Quality (i.e., minimum service standards);
 - Health and Safety;
 - Quality Control?

ANALYTICAL ISSUES/QUESTIONS

- Is historical information on specific work activities sufficient to be able to estimate the amount of personnel, materials, equipment and other resources required to complete a specific task?
- If such information is available, is it utilized in preparing annual work plans and budget estimates for the coming year?

- Are studies performed or are records kept that permit ready analysis of such things as the frequency at which a specific work activity must be performed, the annual volume, the volume in relation to population and geographic area coverage, etc.?

5. SPECIFIC ISSUES RELATED TO SERVICES PROVIDED ON AN INDIVIDUAL CLIENT BASIS (where services can be disaggregated on that basis)

INFORMATION/DATA COLLECTION

- a. How is the volume of service received by a client measured?
- b. How is the size of the potential client base estimated?
- c. What proportion of the potential client base presently is served?
- d. What is the frequency of service per client?
- e. How and where are those records kept?
- f. What is the mechanism, if any, for obtaining and/or responding to citizen complaints about service quality or quantity?

ANALYTICAL ISSUES/QUESTIONS

- How is information on number of clients, number of potential clients, frequency of service and quantity and quality of service received connected to user charges or other rates for service determinations?
- How is such information used as a planning tool for evaluating potential service expansion or service quality improvement?
- Are service providers "responsive" to the needs of the citizens?

6. DEPARTMENTAL BUDGETING PROCESS

INFORMATION/DATA COLLECTION

- a. What is the role of the department(s) in preparing annual budget estimates (budget estimates include revenues as well as expenditures where user fees or other charges are collected at the departmental level)?
- b. What planning information is available and used in preparing estimates (population projections, shifts in geographic concentration, changes in the internal economy and foreign exchange rates that may affect costs, etc.)?
- c. To what extent are unit cost measures used to project aggregate budget totals?
- d. Are personnel costs controllable at the departmental level (or are they set at the municipal level or even outside the municipality)?
- e. Are maintenance records utilized to estimate next year's maintenance requirements and costs?
- f. What historical information is used and how is it updated (what adjustments are made to the historical base to reflect changing conditions, e.g., inflation rates)?

ANALYTICAL ISSUES/QUESTIONS

- To what extent does the department or subunit develop an annual work plan or some type of estimate of the volume of work to be carried out next year?
- To what extent are departmental estimates or plans for work to be accomplished next year translated into estimates of requirements for personnel, materials, equipment, facilities and other resources?
- It is likely that preparation of budget estimates is based on some kind of increment over (or below) the same line item in last year's budget. It is important to determine the extent to which these increments are judged in terms of work plans or activities to be carried out that are expected to be greater than (or less than) last year's work and the extent to which some kind of inflation factor is the only basis for incrementing last year's base.

- Does the budget instruction or guidance received from the chief budget officer or financial manager or chief executive's office allow the department to develop a budget estimate based on work to be accomplished or does it pretty well determine the outcome?

7. SOCIAL SERVICES

INFORMATION/DATA COLLECTION

- a. Determine hours of operation by service type, for example, clinic, pharmacy, educational classes, sports facility, etc.
- b. Determine procedures or methods for scheduling services and facilities, for example, medical appointment scheduling, reservation of sports facilities (e.g., courts, game fields, changing rooms/showers, etc.), classroom scheduling, etc.
- c. Determine method, and procedures for recording case-load information.
- d. Determine procedures, rules and regulations, and/or capacities (legal and financial restrictions) for distribution of relevant equipment and materials including books and school supplies, pharmaceutical products, maps and information brochures, sports equipment and uniforms, etc.
- e. Determine procedures and capacities for arrangement of special instruction including lessons, coaching, and refereeing of sports events, tutoring and instruction in educational courses, etc.
- f. Determine procedures for course grading and the granting of educational degrees or certificates.
- g. Identify emergency systems for patient transportation, i.e., ambulance services, etc.
- h. Determine availability of programs, facilities, and transportation services for physically and mentally handicapped persons.

ANALYTICAL ISSUES/QUESTIONS

- Are facilities being used at capacity? If so, what are areas and services of greatest demand? If not, could facilities and service distribution sites be combined for greater efficiency in service delivery?
- Are activities, classes, clinics, etc. adequately scheduled to allow for the distribution of "demand for services" across hours of operation, personnel shifts, etc.?
- Do waiting lists or other indicators of unmet need exist? Do delays in service indicate shortages in personnel, equipment, materials, etc. or are these symptoms of other problems such as management inefficiency, etc.?

- Could procedures for scheduling of appointments and events be modified to provide better coverage or to allow for reductions and/or increases in personnel and hours of operation?
- Could procedures for the recording of case-load information be streamlined to enhance data collection and provide measures of service demand?
- If restrictions exist that prevent the collection of user fees, could these be modified to allow for the generation of financial resources which could then be applied toward the purchase of materials in bulk at reduced cost?
- Could restrictions affecting the distribution of materials (e.g., pharmaceuticals, sports equipment, books and education supplies, etc.) be modified to allow enhanced service delivery?
- Could the modification of restrictions or procedures affecting service delivery outcomes (e.g., the granting of educational degrees or certificates, distribution of pharmaceuticals, school supplies, and sports equipment) create increased demand for services?

E. CONSTRUCTING A MANAGEMENT TABLE

Personnel management is one of the most important aspects of municipal management because personnel costs are the largest expenditure category for local governments. It is useful, therefore, to determine the distribution of personnel across functions and activities. As was discussed under Step 5, in conducting the Municipal Level Assessment, it is also important to distinguish between the functions of management and supervision. A Management Table is a convenient device for examining these personnel issues.

The Management Table basically is a transposed organization chart in which, read from left to right, the functions of management, supervision and production or execution are shown. There are five categories of employees that can be placed on the Management Table:

1. Managers
2. Supervisors
3. Administrative, Professional and Technical Support Staff (APT)
4. Clerical Support Staff
5. Production/Service Personnel

By classifying personnel into each of these categories, the distribution of personnel and the extent to which there are unnecessary positions or hierarchies, can be determined. For example, in some cities, the vast majority of personnel are perceived to be administrative because their positions are located within the General Administration line item of the budget. However, in fact, these employees may be responsible for different activities and different services within the municipality.

An actual example is provided by one municipality in which there are over 100 General Administration employees but these individuals represent those responsible for municipal training, including direction and supervision; public works, including all activities associated with public cleanliness; and contracts with other units of government for such items as road maintenance and garbage collection. Classifying each of these individuals on a management Table by function and level of authority, regardless of actual location on the organization chart will aid in analyzing the management capacity issues facing the municipality.

Following is a sample Management Table for the Public Works function, further disaggregated for residential trash collection. Represented on the Table are the management units, shown here as departments and divisions within departments. Of course, the nomenclature may vary from municipality to municipality with some having bureaus, offices, or other labels; these should be substituted here at the appropriate hierarchical level. The sample Table also shows titles and names. The names are optional except to the extent that from names, one can determine if individuals are holding multiple positions within the municipality.

Also represented on the Table, under the information pertaining to Supervisory Units, are any suboffices. In the sample Table, these are shown as the Plateau and Mesa Areas, indicating that the work is distributed between two geographic areas of the municipality. There may be several such divisions or there may be none, but the general construction of the Table will not change.