

PN-112-021

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# **FINANCIAL MANAGEMENT WORKSHOP**

## **EXPENDITURE MANAGEMENT AND CONTROL**

### **PARTICIPANT MATERIALS**

#### **OVERALL PROGRAM, EXPLANATORY HANDOUTS, AND WORKSHOP EXERCISES**

prepared by

**MAURICE P. ARTH, SENIOR FINANCIAL CONSULTANT**

for the

**GOVERNMENT TRAINING INSTITUTE - MOMBASA.**

**MINISTRY OF LOCAL GOVERNMENT, REPUBLIC OF KENYA.**

and

**REGIONAL HOUSING AND URBAN DEVELOPMENT OFFICE, USAID**

**APRIL 15, 1987**

OVERALL PROGRAM

SUNDAY AFTERNOON AND EVENING

A. OPENING CEREMONIES

1. Welcoming Remarks
2. Introductions and Approaches
  - a. Introductions  
Staff and participants
  - b. Schema for Entire Workshop Series
    - (1) Financial Management - Planning and Budgeting
    - (2) Financial Management - Revenue Generation
    - (3) Financial Management - Expenditure Management and Control
    - (4) Financial Management - Planning, Organizing, Staffing, Leading, and Controlling
  - c. Workshop Goals
    - (1) To impart new knowledge regarding the importance of -- and the means for -- managing and controlling the recurrent and capital expenditures of local authorities.
    - (2) To develop new skills regarding practical ways of identifying expenditure areas needing greater attention and of establishing guidelines, measuring performance, evaluating results, and taking corrective measures to manage and control expenditures better.
    - (3) To develop attitudes and increase motivation on the part of workshop participants to provide for better management of and control over expenditures in their local authorities.

d. Workshop Materials and Program

- o Discussion of Overall Program # 1
- o List of Workshop Materials # 2

Extensive use will be made of graphic and tabular handouts that illustrate the substantive concepts to be presented during this workshop. Participants will frequently be asked to engage in small group exercises. They will have the experience of analyzing and developing solutions to problems and issues in management and control of expenditures over the five-day workshop period.

e. Workshop Schedule

Sunday Afternoon and Evening

5:00 p.m. - 6:15 p.m.: Opening Session  
7:00 p.m. - 9:00 p.m.: Opening Dinner

Monday - Friday

8:00 a.m. - 10:30 p.m.: Workshop Session  
10:30 a.m. - 10:45 a.m.: Morning Break  
10:45 a.m. - 12:45 p.m.: Workshop Session  
12:45 p.m. - 2:00 p.m.: Luncheon Break  
2:00 p.m. - 3:30 p.m.: Workshop Session  
3:30 p.m. - 3:45 p.m.: Afternoon Break  
3:45 p.m. - 5:00 p.m.: Workshop Session\*

\* Sessions may run to 5:30 p.m. if necessary.

Friday Evening

7:00 p.m. - 9:00 p.m.: Closing Dinner

f. Workshop Logistics

As appropriate

8. OPENING DINNER

Evening Reading Assignment: Item #s 4 through 12

MONDAY - FRIDAY PROGRAM

MONDAY MORNING

Workshop  
Materials

REPORTS ON PROGRESS MADE IN APPLYING CONCEPTS FROM  
THE REVENUE GENERATION WORKSHOP

Reports by local authority and central government teams  
on progress and results achieved in application of  
concepts and approaches presented in the most recent  
Financial Management Workshop on Revenue Generation

# 3

\* \* \*

SUBSTANTIVE PROGRAM ON EXPENDITURE MANAGEMENT AND CONTROL

A. RELATIONSHIP OF EXPENDITURE MANAGEMENT  
AND CONTROL TO FINANCIAL MANAGEMENT TO  
PUBLIC FINANCE

1. Importance of Sound Public Finance  
at the Level of Local Authorities

# 4  
& 5

2. Excellent Financial Management as the  
Key to Sound Public Finance

3. Controlling Expenditures as an Essential  
Element of Excellent Financial Management

# 6

4. Good Management and Control of Expendi-  
tures as a Major Step in the Financial  
Management Cycle

# 7

B. COMMON EXPENDITURE CATEGORIES IN  
LOCAL AUTHORITIES

# 8

1. Expenditures by Organizational  
Unit and Major Program

2. Expenditures by Type of Expenditure or  
Line Item

3. Expenditures by Recurrent and Capital  
Categories

Workshop  
Materials

4. Expenditures by Functional Activity

5. Case Study - Actual Expenditures of Local Authorities in Order of Size

# 9  
& 10

C. EXPENDITURE CATEGORIES IN ORDER OF DIFFICULTY OF MANAGEMENT AND CONTROL

1. Criteria for Determining Areas of Difficulty in Management and Control of Expenditures

# 11

2. Case Study - Estimated and Actual Expenditures of Local Authorities

# 12

MONDAY AFTERNOON

3. Workshop Exercise - Expenditures of Local Authorities Ranked in Order of Difficulty in Management and Control

# 13

3. Workshop Exercise - Prioritization of Difficulties in Managing and Controlling Expenditures

# 14

Evening Reading Assignment: Item #s 15 through 29 except for # 25

TUESDAY MORNING

D. EXPENDITURE MANAGEMENT AND CONTROL SYSTEMS

1. What Are We Trying To Control?

# 15

2. Total and Partial Control Systems

# 16

3. Criteria for Effective Control Systems

# 17

- a. Controls over the Proper Activities

- b. Timely Controls

- c. Accurate Controls

- d. Cost-effective Controls

- e. Controls That Are Understood and Accepted

Workshop  
Materials

|  |      |
|--|------|
| E. <u>STEPS IN THE MANAGEMENT AND CONTROL OF EXPENDITURES</u>              | # 18 |
| 1. First Step: Set Standards or Performance Objectives                     |      |
| a. What Is a Standard?   |      |
| b. Plans as a Source of Standards  | # 19 |
| c. Monetary, Physical, and Time Standards                                  | # 20 |
| d. Standards Set as An Administrative Task                                 | # 21 |
| e. Intrinsic Value, or Worth, of the Results of Expenditures as a Standard | # 22 |
| f. Indicators/Ratios as Standards  |      |
| (1) Ratios   | # 23 |
| (2) Return on Investment (ROI)   |      |
| (3) Performance over Time and Peer Performance Comparisons                 |      |
| (a) Performance over Time  | # 24 |
| (b) Peer Performance Comparisons   |      |

TUESDAY AFTERNOON

|  |      |
|--|------|
| g. Workshop Exercise - Setting Performance Standards | # 25 |
| 2. Second Step: Measure and Record Performance       |      |
| a. Decide What Is To Be Measured                     | # 26 |
| b. Determine How Measurements Are To Be Taken        | # 27 |
| c. Make the Measurements                             | # 28 |
| d. Record the Measurements                           | # 29 |

Evening Reading Assignment: Item #s 30 through 35

WEDNESDAY MORNING

3. Third Step: Analyze and Communicate Results
  - a. Compare Performance with Standards and Determine Variances # 30
  - b. Determine the Reasons for the Variances
  - c. Determine the Significance of the Variances # 31
  - d. Communicate Findings to Those Able to Take Corrective Actions # 32
4. Fourth Step: Take Corrective Actions
  - a. Short-term versus Long-term Corrective Actions # 33
  - b. Real-time versus Post-Facto Corrective Actions # 34
  - c. Corrective Actions Regarding People versus Corrective Actions Regarding Objective Factors
    - (1) Problems in Expenditure Management Frequently Due to Non-People Factors # 35
    - (2) Corrective Actions Applicable to People Where Necessary
5. Workshop Exercise -- Measure and Record Performance, Analyze and Communicate Results, and Take Corrective Actions # 36

Workshop  
Materials

F. EXPENDITURE CONTROLS AND CORRECTIVE ACTIONS  
BY EXPENDITURE AREA

(# 8)

1. Expenditure Management and Controls  
Applicable to Type-of-Expenditure or  
Line-Item Categories and to Departments  
and Major Programs

# 37

WEDNESDAY AFTERNOON

1. Above topic, contd.
2. Expenditure Management and Controls  
Applicable to Operating versus Capital  
Expenditures
  - a. Short-term versus Lasting Results
  - b. Short-term versus Long-term Corrective Actions
  - c. Own Resources versus Contracted Activity
  - d. Taking Corrective Actions vis-a-vis Internal  
Resources versus Contractors
3. Expenditure Management and Controls  
Applicable to Organizational Levels

# 38

Evening Reading Assignment: Item #s 39 through 57

THURSDAY MORNING

3. Above topic, contd.

G. SUMMARY OF MECHANISMS FOR MANAGEMENT AND  
CONTROL OF EXPENDITURES

# 39

1. Budget Mechanisms
  - a. Approvals in Advance of Expenditures  
that Funds Are Included in the Council's  
Budget

(1) Expenditures Included in the Budget

# 40

Workshop  
Materials

- (2) Expenditures Not Included in the Budget
  - b. Periodic Allocations of Budgeted Funds for Expenditure
- 2. Fund Availabilities
  - a. Cash Flow Projections as a Control Mechanism # 41 & 42
  - b. Petty Cash Funds as an Example of a Resource Established at a Fixed Size # 43 & 44
- 3. Guidelines
  - a. Local Government or Industry Norms
  - b. Percentage of Sales or Income
  - c. Extent of Savings
  - d. Percentage of Added Net Income
  - e. Analytically Established Pre-set Standards # 45
- 4. Procedural Controls # 46
  - a. Restrictions on Who May Authorize/Make Expenditures including Procurement and the Like # 47
  - b. Authority Levels by Type of Expenditure and Level of Approving Officer # 48 & 49
  - c. Requirements for Approval in Advance and for Documentation of Need for Expenditures # 50
  - d. Comparative Quotations and Competitive Bidding # 51
  - e. Physical Verification # 52

Workshop  
Materials

THURSDAY AFTERNOON

- f. Reconciliation of Documents # 53
- g. Post-expenditure Audit # 54
  
- 5. Prompt Reporting and Analysis
  - a. Reporting on Monetary Expenditures versus Standards # 55
  - b. Reporting on Physical Results versus Standards
  
- 6. Motivations and Imposition of Penalties
  - a. Positive Motivations # 56
  - b. Negative Motivations
  - c. Factors Deterring Effective Use of Penalties
  
- 7. Workshop Exercise - Sections of Financial Regulations Relating to Procurement of Goods and Services and to Expenditures # 57

FRIDAY MORNING

7. Above topic, contd.

H. DEVELOPMENT OF "BACK-HOME" PROGRAMS TO IMPROVE EXPENDITURE MANAGEMENT AND CONTROL

- 1. Development of "Back-home" Programs
  - a. "Back-home" Programs of Local Authority Teams # 58
  - b. "Back-home" Program of the Team of Central and Provincial Government Officials # 59

2. Reports by Local Authority and Central and Provincial Government Teams on "Back-home" Programs

- a. Reports by Local Authority Teams

FRIDAY AFTERNOON

- a. Above topic, contd.

- b. Report by the Central and Provincial Government Team

I. WORKSHOP EVALUATION

# 60

FRIDAY EVENING

J. CLOSING CEREMONIES

1. Closing Dinner

2. Certificates of Participation

# 61

LIST OF WORKSHOP MATERIALS

SUNDAY AFTERNOON

1. Overall Program
2. List of Workshop Materials

MONDAY MORNING

3. Workshop Exercise – Report on Progress Made in Applying Concepts from the Revenue Generation Workshop
- \*4. Public Finance at the Local Level
- \*5. How the Local Financial Manager Looks on Public Finance
- \*6. Management Functions Performed by the Good Financial Manager
- \*7. Another View of What Good Financial Management Involves
- \*8. Ways of Categorizing Management and Control of Expenditures
- \*9. Case Study – Actual Expenditures of Local Authorities in Order of Size
- \*10. Expenditures of Typical Local Authorities in Order of Size
- \*11. Criteria for Determining Difficulty in Management and Control of Expenditures
- \*12. Case Study – Estimated and Actual Expenditures

\*Evening reading assignment

MONDAY AFTERNOON

13. Workshop Exercise - Expenditures of Local Authorities Ranked in Order of Difficulty in Management and Control
14. Workshop Exercise - Prioritization of Difficulties Encountered in Managing and Controlling Expenditures

TUESDAY MORNING

- \*15. Control Systems - Definition and Considerations
- \*16. Partial and Total Control Systems - Definitions and Examples
- \*17. Criteria for Effective Systems for Management and Control of Expenditures
- \*18. Steps in the Management and Control of Expenditures
- \*19. Plans as a Source of Standards - Concept and Examples.
- \*20. Monetary, Physical, and Time Standards - Concept and Examples
- \*21. Standards Set as an Administrative Task - Concept and Examples
- \*22. Intrinsic Value, or Worth, of the Results of Expenditures as Standards - Concept and Examples
- \*23. Indicators/Ratios as Standards - Concept and Examples
- \*24. Performance Over Time and Peer Performance Comparisons - Concept and Examples

\*Evening reading assignment

TUESDAY AFTERNOON

- 25. Workshop Exercise - Setting Performance Standards
- \*26. Decisions on What Is To Be Measured - Concept and Examples
- \*27. Decisions on How Measurements Are To Be Taken - Concept and Examples
- \*28. Making the Measurements - Concept and Examples
- \*29. Recording the Measurements - Concept and Examples

WEDNESDAY MORNING

- \*30. Analysis of Results of Performance Measurements - Concept and Examples
- \*31. Determining the Timing of the Analytical Approaches - Concept and Examples
- \*32. Determining the Timing of Reporting - Concept and Examples
- \*33. Short-term versus Long-term Corrective Actions - Concept and Examples
- \*34. Real-time versus Post-facto Corrective Actions - Concept and Examples
- \*35. Corrective Actions Regarding People versus Objective Factors - Concept and Examples
- 36. Workshop Exercise - Measure and Record Performance, Analyze and Communicate Results, and Take Corrective Actions
- 37. Workshop Exercise - Management Approaches and Controls Applicable to Expenditures Classified by Type-of-Expenditure or Line-Item Categories and by Departments and Major Programs

\*Evening reading assignment

WEDNESDAY AFTERNOON

- 38. Workshop Exercise - Management Approaches and Control of Expenditures Applicable to Various Levels of Organization

THURSDAY MORNING

- \*39. Major Categories of Mechanisms for Management and Control of Expenditures
- \*40. Budget Mechanisms for Control of Expenditures - Concepts, Factors, and Examples
- \*41. Example of an Initial Cash Flow Projection
- \*42. Availability of Funds as a Mechanism for Control of Expenditures - Concept, Definition, and Factors
- \*43. Petty Cash Funds as an Example of an Expenditure Resource Established at a Fixed Size - Definition and Factors
- \*44. Section of the Financial Regulations on Imprest and Petty Cash Accounts and Advances
- \*45. Guidelines as Mechanisms for Control of Expenditures - Concepts, Factors, and Examples
- \*46. Procedural Controls over Disbursements as Mechanisms for Management and Control of Expenditures - Concept and Mechanisms
- \*47. Restrictions on Who May Authorize/Make Expenditures including Procurement and the Like as a Mechanism for Control of Expenditures - Concept and Examples
- \*48. Authority Levels by Type of Expenditure and Level of Approving Officer as a Mechanism for Control of Expenditures - Concept and Examples
- \*49. Sections of the Financial Regulations Relating to Monetary Authority limitations
- \*50. Requirements for Approval in Advance and for Documentation of Need for Expenditures as Mechanisms for Control of Expenditures - Concept and Examples

\*Evening reading assignment

- \*51. Comparative Quotations and Competitive Bidding as Mechanisms for Control of Expenditures - Concept and Examples
- \*52. Physical Verification of Receipt of Goods and Services as a Mechanism for Control of Expenditures - Concept and Examples

THURSDAY AFTERNOON

- \*53. Reconciliation of Documents as a Mechanism for Control of Expenditures - Concept and Example
- \*54. Post-expenditure Audit as a Mechanism for Control of Expenditures - Concept and Examples
- \*55. Prompt Reporting and Analysis as a Mechanism for Control of Expenditures - Concept and Factors
- \*56. Positive Motivations and the Imposition of Penalties as Mechanisms for the Management and Control of Expenditures - Concept, Factors, and Examples
- \*57. Workshop Exercise - Sections of the Financial Regulations Relating to Procurement of Goods and Services and to Expenditures

FRIDAY MORNING

- 58. Workshop Exercise --- Back-home Programs To Improve the Management and Control of Expenditures in Participants' Local Authorities
- 59. Workshop Exercise --- Steps That Might Be Taken by Central and Provincial Government Officials To Assist Local Authorities in Better Managing and Controlling Their Expenditures

FRIDAY AFTERNOON

- 60. Evaluation of Workshop

FRIDAY EVENING

- 61. Certificate of Participation

\* Evening reading assignment

WORKSHOP EXERCISE - REPORT ON PROGRESS MADE  
IN APPLYING CONCEPTS FROM THE REVENUE GENERATION WORKSHOP

Each local authority team is to report on progress and results achieved in applying the lessons, concepts, and approaches presented in the last workshop on Revenue Generation. An outline of the concepts from that workshop is presented on the following pages.

Please feel free to do one of the following two things:

- o either report on progress made in carrying out the back-home programmes developed the last day of the Revenue Generation workshop,
- o or report on progress made in implementing -- so as to increase revenue generation locally -- the approaches listed in the outline that follows.

OUTLINE OF APPROACHES PRESENTED AT THE REVENUE  
GENERATION WORKSHOP

A. A great many sources of revenue exist. Many of these are not fully exploited. Some are not exploited at all. Maximizing the generation of revenue requires that a much better job be done with respect to the following four major revenue generation steps.

1. The first major revenue generation step is identifying all legitimate sources of revenue, and this involves looking carefully at such information sources as the following.

- o Enabling legislation
- o Local Council actions
- o Other local authorities
- o Ministry of Local Government
- o Other information sources

2. The second major revenue generation step is determining rates/rents, license fees, charges for services, and the like. This involves examining such factors as the following.

- o Costs of providing services
- o Value of services
- o Charges levied by other local authorities
- o Charges levied by other organizations (e.g., business firms)
- o What the "market will bear"
- o Local authority needs for revenue
- o Pricing policies that will not reduce revenue collected
- o Kenyan government laws and regulations

The result of this will be determinations as to the following.

- o For service charges, what is the unit price to be charged for each service?
- o For non-service charges, what rates, fees, and other such charges are to be levied?

3. The third major revenue generation step is determining (i) who owes for the services and (ii) the amounts due, to be billed, and to be collected. This involves four sub-steps as follows.

a. The first sub-step is determining who owes. This requires looking at the following.

- o Who benefits from the service
- o Who can properly be made responsible for paying for the service

- b. The second sub-step is projecting revenue theoretically due. This involves the following.
  - o Determining the services that are actually rendered and the assets/activities that are properly subject to charge
  - o Multiplying the above by the rates, fees, and other charges
  
- c. The third sub-step is projecting amounts that are expected to be billed. This involves the following.
  - o Identifying, subject to the availability of records, persons receiving services or otherwise liable to charges on whom records are available
  - o For these persons, identifying (1) their assets/activities that are subject to rates and fees and (2) the quantity of other services delivered to them
  - o Calculating, for these identifiable owners, the total of rates/fees and charges for services due from them

It is necessary here to identify causes of failure to bill, which include the following.

- o Failure to identify some persons who owe for rates/fees and services rendered
- o Failure to identify total amounts due from those who owe
- o Failure to bill amounts determined as due

Historical trends in amounts actually billed need to be taken into account.

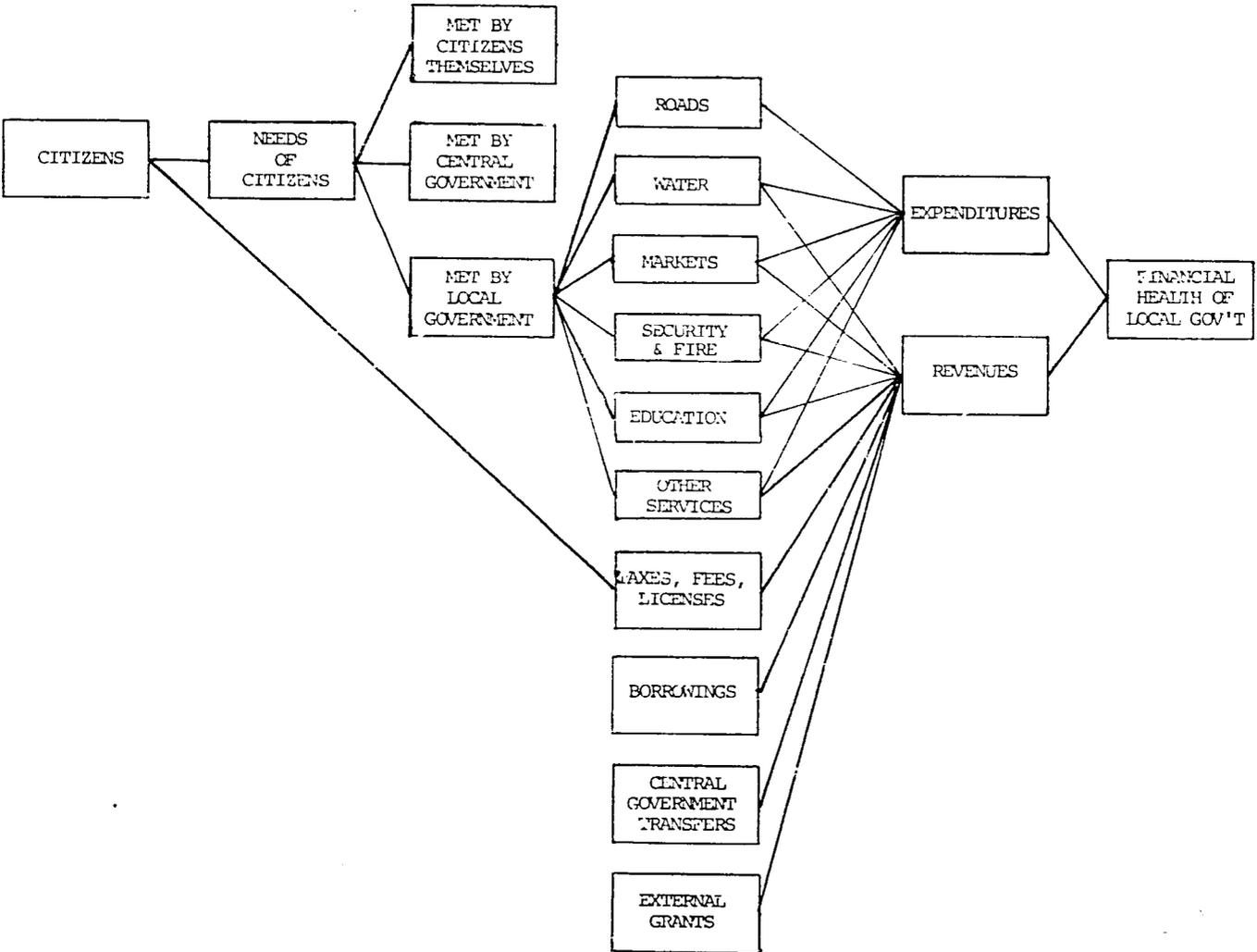
- d. The fourth sub-step is projecting probable collections. This involves the following.
  - o Calculate -- of amounts billed -- those amounts likely not to be collected.
  - o Identify causes of failure to collect and deposit in the local authority's accounts amounts actually billed, which include the following.
    - Lack of follow-up
    - Lack of enforcement tools
    - Lack of controls to ensure amounts collected are remitted

Historical trends in actual collections need to be taken into account here too.

4. The fourth major revenue generation step is actually collecting revenue. This involves the following.
  - a. Preparing and issuing bills and otherwise making contact with persons on amounts due. This depends upon the following.
    - o Mail collection efforts
    - o Personal collection efforts
  - b. Providing for needed information, staffing and effort. This depends upon the following.
    - o Record keeping on persons receiving services and otherwise owing for levies and other charges
    - o Timeliness of billings
    - o Workload
    - o Quantity and training of staff
    - o Organization
    - o Effort
  - c. Following up on arrearages, which requires the following.
    - o Proper staffing
    - o Due diligence
    - o Employment of legal remedies
- B. Adequate revenue generation also requires optimum use of a variety of management and administrative supports available to local authorities. Ten of these were identified in the last workshop, as follows.
  1. First was national and provincial government authorities and support, including the following.
    - o Governing laws, authorities and regulations
    - o Policies, procedures and other guidance -- written and oral
  2. Second was bylaws, policies, procedures, and other supports provided by local authorities.
  3. Third was organization of the local authority for revenue generation -- council (e.g., its committees), clerk's department, treasurer's department, other departments.

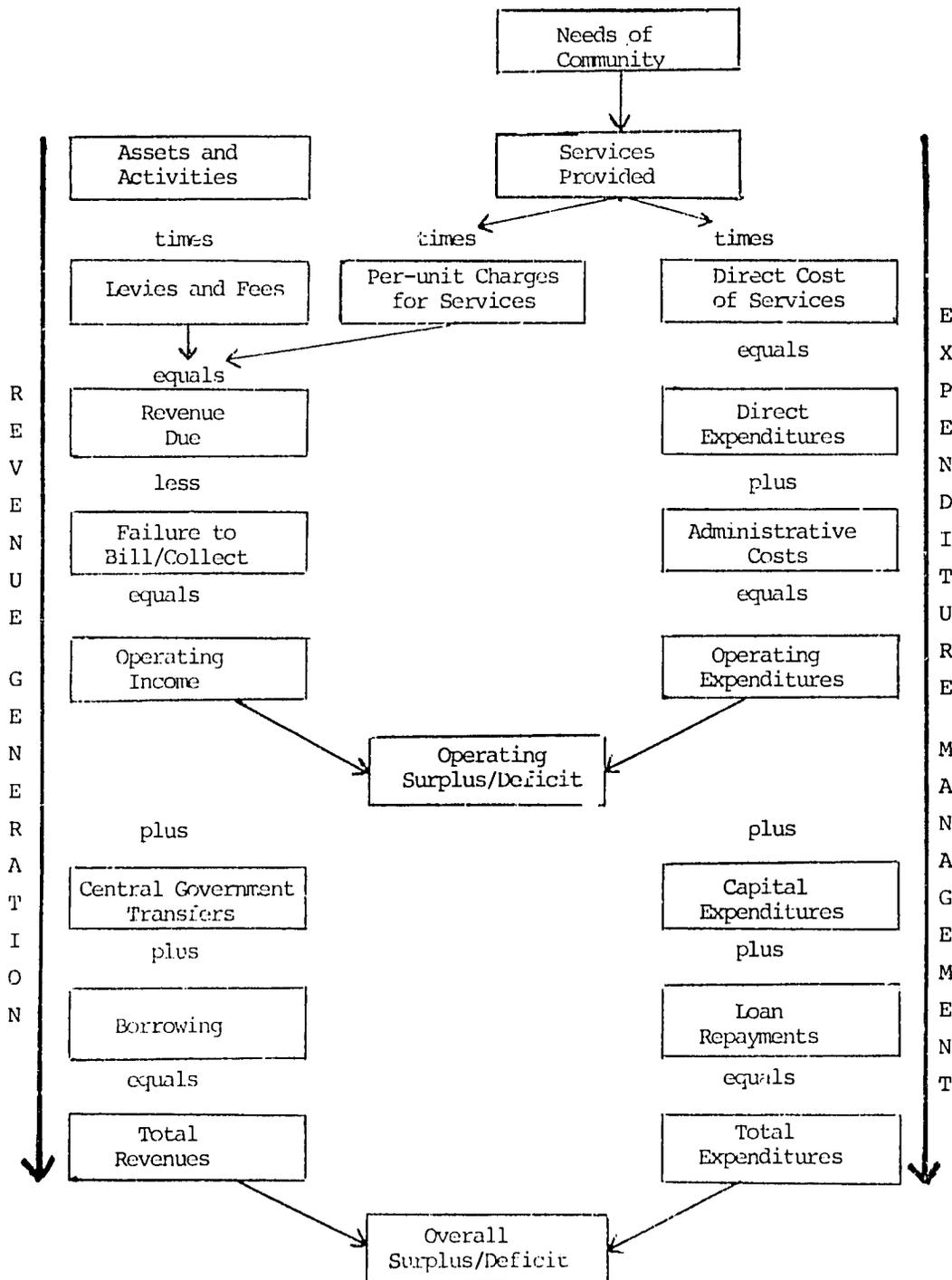
4. Fourth was staffing and leadership of the local authority for revenue generation -- both in the central offices and at field sites -- including:
  - o Numbers of staff
  - o Recruitment approaches
  - o Basic education/training and experience
  - o Training for the local work situation
  - o Pay levels
  - o Career paths
  - o Leadership and motivation
5. Fifth was establishing and implementing controls over revenue generation, involving:
  - o Fiscal controls
  - o Checks and balances
  - o Supervision and monitoring
6. Sixth was recording current data on revenue generation
7. Seventh was evaluating results on a current basis
8. Eighth was taking corrective actions, both immediate actions and long-term actions.
9. Ninth was auditing of revenue generation data.
10. Tenth was reporting of revenue generation data to all of the levels properly involved -- from treasurer and clerk to the council and its finance committee, provincial offices, and the central government.

PUBLIC FINANCE AT THE LOCAL LEVEL

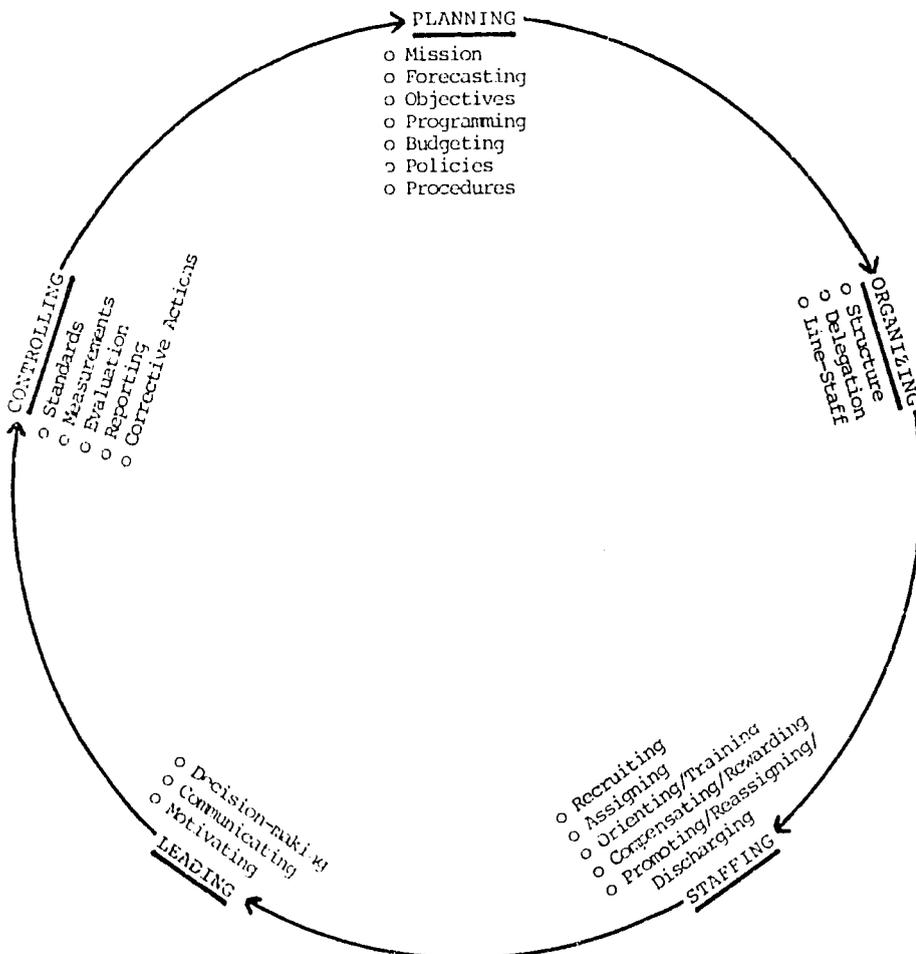


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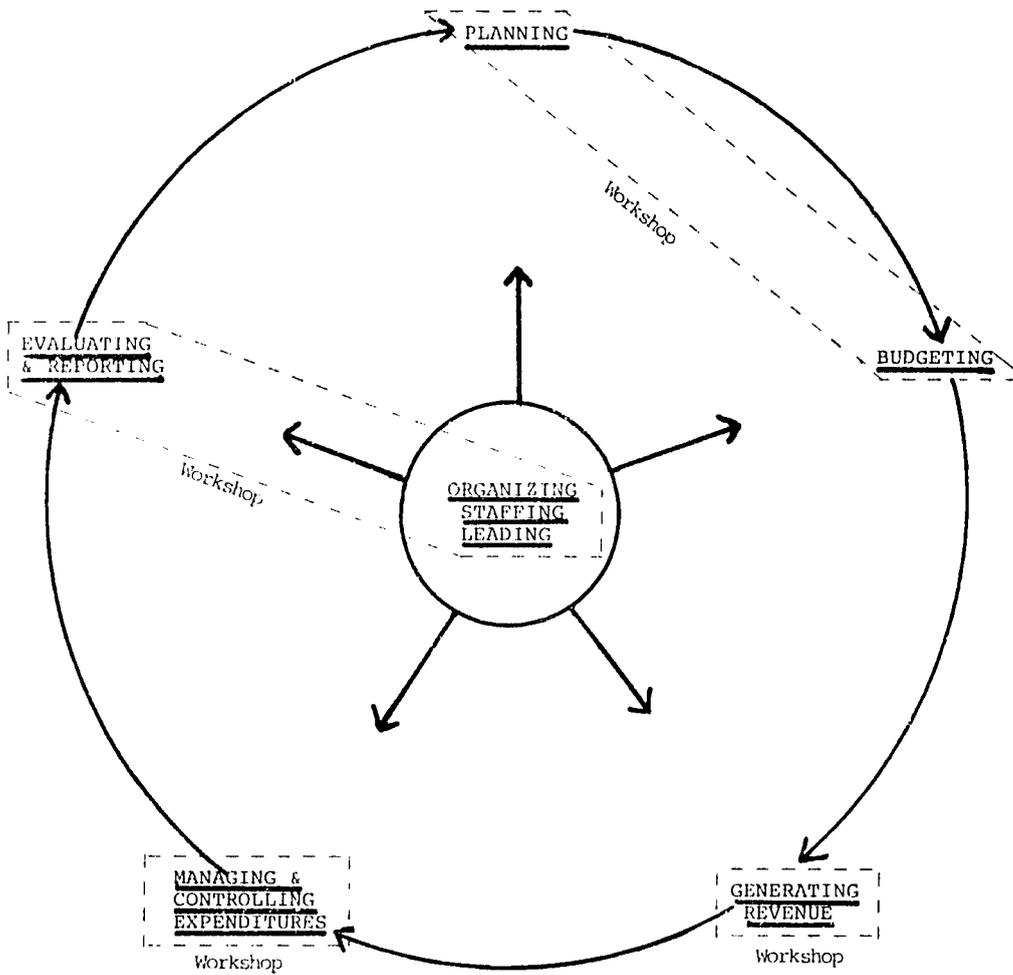
HOW THE LOCAL FINANCIAL MANAGER LOOKS ON PUBLIC FINANCE



MANAGEMENT FUNCTIONS PERFORMED  
BY THE GOOD FINANCIAL MANAGER

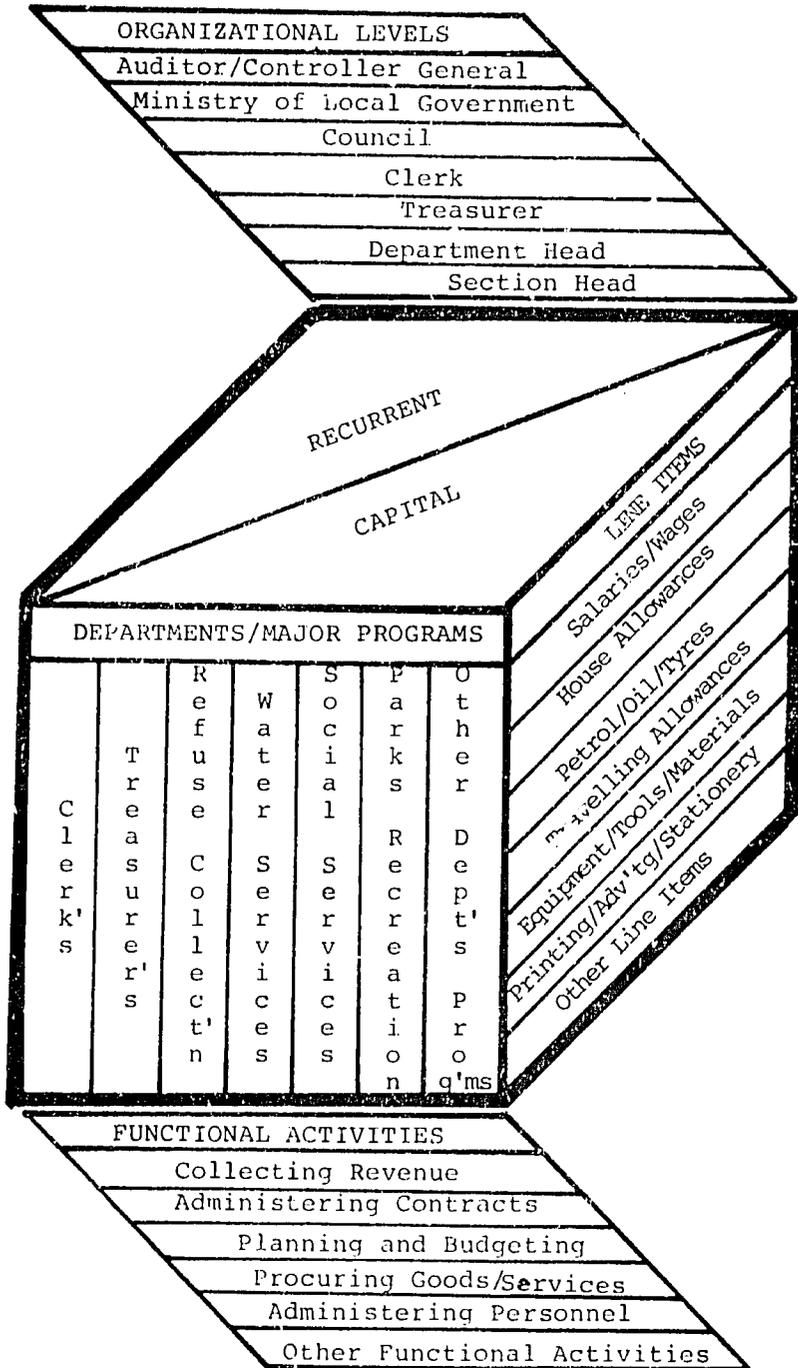


ANOTHER VIEW OF WHAT GOOD FINANCIAL MANAGEMENT INVOLVES



24

WAYS OF CATEGORIZING  
MANAGEMENT AND CONTROL OF EXPENDITURES



5

CASE STUDY - ACTUAL EXPENDITURES OF LOCAL AUTHORITIES  
IN ORDER OF SIZE

Municipal Council A  
Period: 1984

A. ACTUAL EXPENDITURES BY DEPARTMENT/PROGRAM

| <u>Department/Program</u>                             | <u>Expenditures<br/>(Pounds)</u> | <u>% of Total</u> |
|---|----------------------------------|-------------------|
| 1. Administration - Treasurer's                       | 78,029                           | 25.5% ]           |
| 2. Administration - Clerk's                           | 62,203                           | 20.4 ]            |
| 3. Town Engineer - Vehicles and Maintenance           | 32,398                           | 10.6 ] 71.2%      |
| 4. Town Engineer - Administration                     | 22,684                           | 7.4 ]             |
| 5. Public Health - Cleansing and<br>Refuse Collection | 22,273                           | 7.3 ]             |
| 6. Water Services                                     | 20,122                           | 6.6               |
| 7. Social Services                                    | 17,030                           | 5.6               |
| 8. Town Engineer - Building                           | 11,317                           | 3.7               |
| 9. Parks  | 8,523                            | 2.8               |
| 10. Slaughterhouse                                    | 6,900                            | 2.3               |
| 11. Sewerage Services                                 | 6,204                            | 2.0               |
| 12. Veterinary  | 5,257                            | 1.7               |
| 13. Public Health - Mortuary                          | 4,463                            | 1.5               |
| 14. Public Health - Administration                    | 4,275                            | 1.4               |
| 15. Public Health - Rodent/Vermin Control             | <u>3,304</u>                     | <u>1.1</u>        |
| TOTALS  | 305,630                          | 100%              |

B. ACTUAL EXPENDITURES BY TYPE OF EXPENDITURE (LINE ITEM)

| <u>Type of Expenditures (Line Item)</u>      | <u>Expenditures<br/>(Pounds)</u> | <u>% of Total</u> |   |
|--|----------------------------------|-------------------|---|
| 1. Staff Salaries and Wages                  | 169,792                          | 55.5%             | ] |
| 2. House Allowances                          | 35,345                           | 11.6              | ] |
| 3. Petrol, Oil and Tyres                     | 15,078                           | 4.9               | ] |
| 4. Equipment, Tools and Materials            | 11,336                           | 3.7               | ] |
| 5. Councillors' Expenses and Allowances      | 9,800                            | 3.2               | ] |
| 6. Council's Contribution to NSSF            | 7,075                            | 2.3               | ] |
| 7. Other Staff Expenses                      | 6,551                            | 2.1               |   |
| 8. Insurance other than Vehicle              | 5,242                            | 1.7               |   |
| 9. Other Maintenance                         | 5,140                            | 1.7               |   |
| 10. Council's Contribution to Provident Fund | 4,597                            | 1.5               |   |
| 11. Vehicle Repairs and Maintenance          | 4,331                            | 1.4               |   |
| 12. Printing, Advertising and Stationary     | 4,146                            | 1.4               |   |
| 13. Other Staff Allowances                   | 3,379                            | 1.1               |   |
| 14. Electricity, Water and Conservancy       | 2,660                            | 0.9               |   |
| 15. Rents and Rates                          | 2,400                            | 0.8               |   |
| 16. Travelling and Subsistence Allowances    | 2,323                            | 0.8               |   |
| 17. Postage and Telephone                    | 2,159                            | 0.7               |   |
| 18. Repair and Maintenance of Buildings      | 1,089                            | 0.4               |   |
| 19. Casual Labor                             | 329                              | 0.1               |   |
| 20. All Other Expenditures                   | <u>12,858</u>                    | <u>4.2</u>        |   |
| TOTALS                                       | 305,630                          | 100%              |   |

C. ACTUAL EXPENDITURES BY RECURRENT AND CAPITAL

| <u>Recurrent or Capital Expenditures</u> | <u>Expenditures (Pounds)</u> | <u>% of Total</u> |
|--|------------------------------|-------------------|
| Recurrent Expenditures                   | 305,630                      | 100% ] 100%       |
| Capital Expenditures                     | <u>-</u>                     | <u>-</u>          |
| TOTALS                                   | 305,630                      | 100%              |

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CASE STUDY - ACTUAL EXPENDITURES OF LOCAL AUTHORITIES  
IN ORDER OF SIZE, cont.

Town Council B  
Period: 1944

A. ACTUAL EXPENDITURES BY DEPARTMENT/PROGRAM

| <u>Department/Program</u>         | <u>Expenditures</u><br><u>(Pounds)</u> | <u>% of Total</u> |   |
|-----------------------------------|--|-------------------|---|
| 1. Administration - Clerk's       | 38,970                                 | 47.4%             | ] |
| 2. Administration - Treasurer's   | 13,830                                 | 16.8              | ] |
| 3. Refuse Collection and Disposal | 12,616                                 | 15.4              | ] |
| 4. Councillors' Expenses          | 7,120                                  | 8.7               | ] |
| 5. Markets                        | 7,011                                  | 8.5               |   |
| 6. Social Services                | 1,390                                  | 1.7               |   |
| 7. Street Lighting and Signs      | 934                                    | 1.1               |   |
| 8. Forestry                       | 314                                    | 0.4               |   |
| TOTALS                            | 82,185                                 | 100%              |   |

B. ACTUAL EXPENDITURES BY TYPE OF EXPENDITURE (LINE ITEM)

| <u>Type of Expenditures (Line Item)</u>     | <u>Expenditures<br/>(Pounds)</u> | <u>% of Total</u> |   |
|---|----------------------------------|-------------------|---|
| 1. Staff Salaries and Wages                 | 20,329                           | 24.7%             | ] |
| 2. Councillors' Expenses and Allowance      | 7,120                            | 8.7               | ] |
| 3. House Allowances                         | 5,248                            | 6.4               | ] |
| 4. Printing, Stationary and Advertising     | 4,551                            | 5.5               | ] |
| 5. Travelling and Subsistence Allowance     | 2,082                            | 2.5               | ] |
| 6. Other Staff Allowances                   | 1,730                            | 2.1               |   |
| 7. Petrol, Oil and Tyres                    | 1,639                            | 2.0               |   |
| 8. Vehicle Repairs and Maintenance          | 1,324                            | 1.6               |   |
| 9. Council's Contribution to NSSF           | 1,042                            | 1.3               |   |
| 0. Vehicle Licenses and Insurance           | 719                              | 0.9               |   |
| 1. Equipment, Tools and Materials           | 548                              | 0.7               |   |
| 2. Other Staff Expenses                     | 339                              | 0.4               |   |
| 3. Postage and Telephone                    | 323                              | 0.4               |   |
| 4. Electricity, Water and Conservancy       | 205                              | 0.2               |   |
| 5. Repair and Maintenance of Buildings      | 51                               | 0.1               |   |
| 6. Furniture and Fittings                   | 42                               | 0.1               |   |
| 7. Council's Contribution to Provident Fund | -                                | -                 |   |
| 8. Car and Cycle Allowance                  | -                                | -                 |   |
| 9. All Other Expenditures                   | <u>34,893</u>                    | <u>42.5</u>       |   |
| TOTALS                                      | 82,185                           | 100%              |   |

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C. ACTUAL EXPENDITURES BY RECURRENT AND CAPITAL

| <u>Recurrent or Capital Expenditures</u> | <u>Expenditures (Pounds)</u> | <u>% of Total</u> |
|--|------------------------------|-------------------|
| Recurrent Expenditures<br>65.0 %         | 53,393                       | 65.0% ]           |
| Capital Expenditures                     | <u>28,792</u>                | <u>35.0</u>       |
| TOTALS                                   | 82,185                       | 100%              |

CASE STUDY -- ACTUAL EXPENDITURES OF LOCAL AUTHORITIES  
IN ORDER OF SIZE, cont.

County Council C  
Period: 1984

A. ACTUAL EXPENDITURES BY DEPARTMENT/PROGRAM

| <u>Department/Program</u>               | <u>Expenditures</u><br><u>(Pounds)</u> | <u>% of Total</u> |         |
|---|--|-------------------|---------|
| 1. Social Services                      | 427,876                                | 34.3%             | ]       |
| 2. Public Works                         | 363,405                                | 29.1              | ]       |
| 3. Clerks'                              | 157,449                                | 12.6              | ] 90.9% |
| 4. Markets                              | 97,398                                 | 7.8               | ]       |
| 5. Treasurers'                          | 88,717                                 | 7.1               | ]       |
| 6. Councillors' Allowances and Expenses | 43,837                                 | 3.5               |         |
| 7. Veterinary                           | 41,513                                 | 3.3               |         |
| 8. Cost of Cess Collection              | 8,400                                  | 0.7               |         |
| 9. Maralua Urban Center                 | 6,200                                  | 0.5               |         |
| 10. Forestry (Nursery)                  | 5,095                                  | 0.4               |         |
| 11. Housing                             | 3,637                                  | 0.3               |         |
| 12. Agriculture (A.S.K. Show)           | 3,438                                  | 0.3               |         |
| 13. Protection of Water Springs         | <u>600</u>                             | <u>0.1</u>        |         |
| TOTALS                                  | 1,247,565                              | 100%              |         |

B. ACTUAL EXPENDITURES BY TYPE OF EXPENDITURE (LINE ITEM)

| <u>Type of Expenditures (Line Item)</u>                                 | <u>Expenditures<br/>(Pounds)</u> | <u>% of Total</u> |       |
|---|----------------------------------|-------------------|-------|
| 1. Staff Salaries and Wages   | 474,322                          | 38.0%             | ]     |
| 2. Petrol, Oil and Tyres  | 159,600                          | 12.8              | ]     |
| 3. Vehicle Renewals   | 111,525                          | 8.9               | ] 69. |
| 4. Vehicle Repairs and Maintenance                                      | 30,824                           | 6.5               | ]     |
| 5. House Allowances   | 44,878                           | 3.6               | ]     |
| 6. Councillors' Expenses and Allowances,<br>Seminars, Courses and Tours | 32,206                           | 2.6               |       |
| 7. Council's Contribution to NSSF                                       | 23,113                           | 1.9               |       |
| 8. Repair and Maintenance of Buildings<br>and Markets                   | 12,461                           | 1.0               |       |
| 9. Equipment, Tools and Materials                                       | 11,546                           | 0.9               |       |
| 10. Printing, Stationary and Advertising                                | 10,784                           | 0.9               |       |
| 11. Leave Allowances  | 10,393                           | 0.8               |       |
| 12. Uniforms and Soap   | 9,970                            | 0.8               |       |
| 13. Vehicle Licenses and Insurance                                      | 9,078                            | 0.7               |       |
| 14. Postage and Telephone   | 8,357                            | 0.7               |       |
| 15. Electricity, Water and Conservancy                                  | 7,426                            | 0.6               |       |
| 16. Training and Exam Fees (Staff)                                      | 4,661                            | 0.4               |       |
| 17. Council's Contribution to Provident Fund                            | 3,851                            | 0.3               |       |
| 18. Travelling and Subsistence Allowance                                | 3,158                            | 0.3               |       |
| 19. Car and Cycle Allowance   | 1,691                            | 0.1               |       |
| 20. Furniture and Fittings  | 1,162                            | 0.1               |       |
| 21. Rents and Rates   | 814                              | 0.1               |       |
| 22. Upkeep of Grounds   | 131                              | -                 |       |
| 23. Hire of Transport   | 55                               | -                 |       |
| 24. All Other Expenditures  | <u>225,559</u>                   | <u>18.1</u>       |       |
| TOTALS  | 1,247,565                        | 100%              |       |

C. ACTUAL EXPENDITURES BY RECURRENT AND CAPITAL

|  | <u>Expenditures</u><br><u>(Pounds)</u> | <u>% of Total</u> |
|--|--|-------------------|
| <u>Recurrent or Capital</u><br><u>Expenditures</u> | 1,247,565                              | 98.5% ] 98.5%     |
| Recurrent Expenditures                             | <u>18,701</u>                          | <u>1.5</u>        |
| Capital Expenditures                               | 1,266,266                              | 100%              |
| TOTALS   |  |                   |

FINANCIAL MANAGEMENT WORKSHOP  
 EXPENDITURE MANAGEMENT AND CONTROL  
 KENYA

No. 10

EXPENDITURES OF TYPICAL LOCAL AUTHORITIES IN ORDER OF SIZE

| BY ORGANIZATION/PROGRAM         | BY TYPE OF EXPENDITURE               | BY RECURRENT OR CAPITAL |
|---------------------------------|--------------------------------------|-------------------------|
| Treasurer's                     | Staff salaries and wages             | Recurrent               |
| Clerk's                         | House allowances                     | Capital                 |
| Cleansing and refuse collection | Petrol, oil, and tyres               |                         |
| Vehicles/maintenance            | Travelling and subsistence allowance |                         |
| Markets                         | Equipment, tools and materials       |                         |
| Councillors' expenses           | Councillors' expenses and allowances |                         |
| Social services                 | Contribution to NSSF                 |                         |
| Water services                  | Other staff expenses                 |                         |
| Public health                   | Insurance other than vehicle         |                         |
| Sewerage services               | Contribution to Provident Fund       |                         |
| Parks/Recreation                | Vehicle repairs and maintenance      |                         |
| Housing                         | Printing, advertising and stationery |                         |
| Veterinary                      | Other staff allowances               |                         |
| Slaughterhouse                  | Electricity, water, and conservancy  |                         |
|                                 | Rents and rates                      |                         |
|                                 | Postage and telephone                |                         |
|                                 | Repair and maintenance of buildings  |                         |
|                                 | Casual labor                         |                         |

CRITERIA FOR DETERMINING DIFFICULTY IN  
MANAGEMENT AND CONTROL OF EXPENDITURES

| <u>CRITERIA OR PERFORMANCE STANDARDS</u>   | <u>EVIDENCES OF DIFFICULTY</u>   |
|--|--|
| 1. Expenditures within plans and budgets   | Expenditures: <ul style="list-style-type: none"><li>- above budget</li><li>- below budget</li><li>- not included in plans and budget</li></ul> |
| 2. Costs of control reasonable compared with the value of expenditure being controlled | Cost-benefit ratio unfavourable  |
| 3. Goods/services meet quantity expectations   | Quantity of goods/services: <ul style="list-style-type: none"><li>-below expectations</li><li>-above expectations</li></ul>                    |
| 4. Goods/services meet quality expectations  | Quality of goods/services: <ul style="list-style-type: none"><li>- below expectations</li><li>- above expectations</li></ul>                   |
| 5. Goods/services provided on time   | Expenditures made for goods/services: <ul style="list-style-type: none"><li>- delivered late</li><li>- delivered early</li></ul>               |
| 6. Payments made so as to meet established time expectations                           | Payments made relative to policy and normal practice: <ul style="list-style-type: none"><li>- late</li><li>- excessively early</li></ul>       |

CRITERIA OR PERFORMANCE STANDARDS

EVIDENCES OF DIFFICULTY

- |   |  |
|---|--|
| 7. Bylaws, regulations, policies, and procedures adhered to in making expenditures              | Bylaws, regulations, policies, and/or procedures violated  |
| 8. Procurement and expenditures properly documented   | Documentation inadequate   |
| 9. Purchases balanced -- if and as may be deemed desirable -- among local and distant suppliers | Undue concentration on:<br>- local suppliers<br>- distant suppliers  |
| 10. Procurement and expenditures paced to availability of funds for payment                     | Procurement and expenditures in advance of receipt of funds for payment, i.e. inconsistent with cash availabilities and cash flow analysis |
| 11. Expenditures limited to payments made to providers of goods/services and in proper amounts  | Expenditures of which some funds diverted on account of bribery, kickbacks, siphoning off of funds, and the like                           |

CASE STUDY - ESTIMATED AND ACTUAL EXPENDITURES

Municipal Council A  
Period: 1984

A. EXPENDITURES BY DEPARTMENT/PROGRAM

| <u>Department/Program</u>                           | <u>Pounds</u>            |                        | <u>Difference<br/>(2-1)</u> | <u>Percent<br/>(2÷1)</u> | <u>Ranking of<br/>Consistency<br/>with<br/>Estimates</u> |
|---|--------------------------|------------------------|-----------------------------|--------------------------|--|
|   | <u>Estimates<br/>(1)</u> | <u>Actuals<br/>(2)</u> |                             |                          |  |
| 1. Public Health - Administration                   | 4,315                    | 4,275                  | (40)                        | 99%                      | 1  |
| 2. Public Health - Mortuary                         | 4,660                    | 4,465                  | (195)                       | 96                       | 2  |
| 3. Town Engineer - Administration                   | 23,897                   | 22,694                 | (1,203)                     | 95                       | 3  |
| 4. Veterinary                                       | 5,636                    | 5,257                  | (379)                       | 93                       | 4  |
| 5. Administration - Treasurer's                     | 90,521                   | 78,029                 | (12,492)                    | 86                       | 5  |
| 6. Social Services                                  | 19,915                   | 17,030                 | (2,885)                     | 86                       | 6  |
| 7. Parks  | 10,154                   | 8,523                  | (1,631)                     | 84                       | 7  |
| 8. Slaughterhouse                                   | 8,306                    | 6,900                  | (1,406)                     | 83                       | 8  |
| 9. Town Engineer - Vehicles and Maintenance         | 39,050                   | 32,398                 | (6,652)                     | 83                       | 9  |
| 10. Town Engineer - Building                        | 9,371                    | 11,317                 | 1,946                       | 121                      | 10   |
| 11. Public Health - Cleansing and Refuse Collection | 32,467                   | 22,273                 | (10,194)                    | 69                       | 11   |
| 12. Administration - Clerk's                        | 95,683                   | 62,203                 | (33,480)                    | 65                       | 12   |
| 13. Public Health - Rodent/Vermin Control           | 1,617                    | 3,304                  | 1,687                       | 204                      | 13   |
| 14. Water Services                                  | 48,217                   | 20,122                 | (28,095)                    | 42                       | 14   |
| 15. Sewerage  | 17,458                   | 6,204                  | (11,254)                    | 36                       | 15   |
| 16. Housing   | 27,980                   | 636                    | (27,344)                    | 2                        | 16   |
| 17. Town Engineer - Roads                           | 6,080                    | -                      | (6,080)                     | -                        | 17   |
| TOTALS  | 445,327*                 | 305,630*               | (139,697)                   | 69%                      |  |

\*These figures are supposed to equal total Estimated and Actual recurrent expenditures as reported to the Council and the MIG.

**B. EXPENDITURES BY TYPE OF EXPENDITURE (LINE ITEM)**

| Types of Expenditure<br>(Line Item)            | Pounds           |                 |                            |                         | Ranking of<br>Consistency<br>with<br>Estimates<br>(5) |
|--|------------------|-----------------|----------------------------|-------------------------|---|
|  | Estimates<br>(1) | Actuals<br>(2)  | Difference<br>(2-1)<br>(3) | Percent<br>(2÷1)<br>(4) |   |
| 1. Petrol, Oil and Tyres                       | 15,000           | 15,078          | 78                         | 101%                    | 1   |
| 2. Staff Salaries and<br>Wages                 | 182,230          | 169,792         | (12,438)                   | 93                      | 2   |
| 3. Rents and Rates<br>Other Building Costs     | 2,580            | 2,400           | (180)                      | 93                      | 3   |
| 4. Council's Contribution<br>to Provident Fund | 1,226            | 4,597           | 371                        | 109                     | 4   |
| 5. Council's Contribution<br>to MSSF           | 7,763            | 7,075           | (688)                      | 91                      | 5   |
| 6. Travelling and<br>Subsistence Allowances    | 2,710            | 2,323           | (387)                      | 86                      | 6   |
| 7. Printing, Advertising<br>and Stationery     | 4,800            | 4,146           | (654)                      | 86                      | 7   |
| 8. Postage and Telephone                       | 2,500            | 2,159           | (341)                      | 86                      | 8   |
| 9. House Allowances                            | 42,713           | 35,345          | (7,368)                    | 83                      | 9   |
| 10. Other Maintenance                          | 7,000            | 5,140           | (1,860)                    | 73                      | 10  |
| 11. Councillors' Expenses<br>and Allowances    | 14,690           | 9,800           | (4,890)                    | 67                      | 11  |
| 12. Casual Labor                               | 200              | 329             | 129                        | 164                     | 12  |
| 13. Other Staff Expenses                       | 10,718           | 6,551           | (4,167)                    | 61                      | 13  |
| 14. Other Staff Allowances                     | 5,784            | 3,379           | (2,405)                    | 58                      | 14  |
| 15. Vehicle Repairs and<br>Maintenance         | 10,000           | 4,331           | (5,699)                    | 43                      | 15  |
| 16. Repairs and Mainten-<br>ance of Buildings  | 3,090            | 1,089           | (2,001)                    | 35                      | 16  |
| 17. Insurance Other<br>than Vehicle            | 2,676            | 5,242           | 2,566                      | 195                     | 17  |
| 18. Equipment, Tools<br>and Materials          | 38,240           | 11,336          | (26,904)                   | 30                      | 18  |
| 19. Electricity, Water<br>and Conservancy      | 10,500           | 2,660           | (7,840)                    | 25                      | 19  |
| 20. Upkeep of Grounds                          | 360              | .               | (360)                      | 0                       | 20  |
| 21. Vehicle Licenses and<br>Insurance          | 2,000            | 0               | (2,000)                    | 0                       | 21  |
| 22. All Other Expenditures                     | 79,139           | 12,858          | (66,281)                   | 16                      |   |
| <b>TOTALS</b>                                  | <b>448,919*</b>  | <b>305,630*</b> | <b>(143,289)</b>           | <b>68%</b>              |   |

\*These figures are supposed to equal total Estimated and Actual recurrent expenditures as reported to the Council and the M.G.

C. EXPENDITURES BY RECURRENT AND CAPITAL

| Recurrent or Capital<br>Expenditures | Pounds           |                |                            |                         | Ranking of<br>Consistency<br>with<br>Estimates<br>(5) |
|--------------------------------------|------------------|----------------|----------------------------|-------------------------|---|
|                                      | Estimates<br>(1) | Actuals<br>(2) | Difference<br>(2-1)<br>(3) | Percent<br>(2÷1)<br>(4) |   |
| 1. Recurrent Expenditures            | 445,327          | 305,630        | (139,697)                  | 69%                     | 1   |
| 2. Capital Expenditures              | 15,650           | -              | (15,650)                   | --                      | 2   |
| TOTALS                               | 460,977*         | 305,630*       | (155,347)                  | 66%                     |   |

\*These figures are supposed to equal total Estimated and Actual recurrent expenditures as reported to the Council and the MLG.

CASE STUDY - ESTIMATED AND ACTUAL EXPENDITURES, contd.

Town Council B  
Period: 1984

A. EXPENDITURES BY DEPARTMENT/PROGRAM

| <u>Department/Program</u>         | <u>Pounds</u>           |                       |  |                                       | <u>Ranking of Consistency with Estimates</u><br>(5) |
|-----------------------------------|-------------------------|-----------------------|--|---------------------------------------|---|
|                                   | <u>Estimates</u><br>(1) | <u>Actuals</u><br>(2) | <u>Difference</u><br><u>(2-1)</u><br>(3) | <u>Percent</u><br><u>(2/1)</u><br>(4) |   |
| 1. Councillors' Expenses          | 7,800                   | 7,120                 | (680)                                    | 91%                                   | 1   |
| 2. Refuse Collection and Disposal | 11,299                  | 12,616                | 1,390                                    | 112                                   | 2   |
| 3. Markets                        | 9,417                   | 7,011                 | (2,406)                                  | 74                                    | 3   |
| 4. Street lighting and Signs      | 1,300                   | 934                   | (366)                                    | 72                                    | 4   |
| 5. Administration - Treasurer's   | 9,791                   | 13,830                | 4,039                                    | 141                                   | 5   |
| 6. Social Services                | 2,295                   | 1,390                 | (905)                                    | 61                                    | 6   |
| 7. Administration - Clerk's       | 18,760                  | 38,970                | 20,210                                   | 208                                   | 7   |
| 8. Forestry                       | <u>904</u>              | <u>314</u>            | <u>(590)</u>                             | <u>35</u>                             | 8   |
| TOTALS                            | 61,496*                 | 82,185*               | 20,689                                   | 134%                                  |   |

\*These figures are supposed to equal total Estimated and Actual recurrent expenditures as reported to the Council and the MIC.

B. EXPENDITURES BY TYPE OF EXPENDITURE (LINE ITEM)

| Type of Expenditure<br>(Line Item)              | Pounds           |                |                            |                         | Ranking of<br>Consistency<br>with<br>Estimates |
|---|------------------|----------------|----------------------------|-------------------------|--|
|   | Estimates<br>(1) | Actuals<br>(2) | Difference<br>(2-1)<br>(3) | Percent<br>(2÷1)<br>(4) |  |
| 1. Other Staff Allowances                       | 1,620            | 1,730          | 128                        | 108%                    | 1  |
| 2. Councillors' Expenses<br>and Allowances      | 7,800            | 7,120          | (680)                      | 91                      | 2  |
| 3. Furniture and Fittings                       | 50               | 42             | (8)                        | 84                      | 3  |
| 4. Staff Salaries and<br>Wages                  | 24,200           | 20,329         | (3,871)                    | 84                      | 6  |
| 5. Council's Contribution<br>to NSSF            | 1,392            | 1,042          | (350)                      | 75                      | 4  |
| 6. House Allowances                             | 8,820            | 5,248          | (3,572)                    | 60                      | 5  |
| 7. Travelling and<br>Subsistence Allowance      | 1,460            | 2,082          | 622                        | 143                     | 7  |
| 8. Equipment, Tools<br>and Materials            | 365              | 548            | 183                        | 150                     | 8  |
| 9. Postage and Telephone                        | 200              | 323            | 123                        | 162                     | 9  |
| 10. Electricity, Water<br>and Conservancy       | 110              | 205            | 95                         | 186                     | 10   |
| 11. Vehicle Repairs<br>and Maintenance          | 650              | 1,324          | 674                        | 204                     | 11   |
| 12. Petrol, Oil and Tyres                       | 800              | 1,639          | 839                        | 205                     | 12   |
| 13. Other Staff Expenses                        | 100              | 339            | 239                        | 339                     | 13   |
| 14. Printing, Advertising<br>and Stationery     | 1,300            | 4,551          | 3,251                      | 350                     | 14   |
| 15. Repair and Maintenance<br>of Buildings      | 250              | 51             | (199)                      | 20                      | 15   |
| 16. Council's Contribution<br>to Provident Fund | 427              | -              | (427)                      | 0                       | 16   |
| 17. Car and Cycle Allowance                     | 300              | -              | (300)                      | 0                       | 17   |
| 18. Vehicle Licenses<br>and Insurance           | -                | 719            | 719                        | Inf                     | 18   |
| 19. All Other Expenditures                      | <u>11,670</u>    | <u>34,893</u>  | <u>23,223</u>              | <u>300</u>              |  |
| TOTAL   | 61,496*          | 82,185*        | 20,684                     | 134%                    |  |

\*These figures are supposed to equal total Estimated and Actual recurrent expenditures as reported to the Council and the MIG.

C. EXPENDITURES BY RECURRENT AND CAPITAL

| <u>Recurrent or Capital Expenditures</u> | <u>Pounds</u>           |                       |  |                                       | <u>Ranking of Consistency with Estimates</u><br>(5) |
|--|-------------------------|-----------------------|--|---------------------------------------|---|
|  | <u>Estimates</u><br>(1) | <u>Actuals</u><br>(2) | <u>Difference</u><br><u>(2-1)</u><br>(3) | <u>Percent</u><br><u>(2÷1)</u><br>(4) |   |
| 1. Recurrent Expenditures                | 54,996                  | 53,393                | (1,603)                                  | 97%                                   | (1)   |
| 2. Capital Expenditures                  | <u>6,500</u>            | <u>28,792</u>         | <u>22,292</u>                            | <u>442</u>                            | 2   |
| TOTALS                                   | 61,496*                 | 82,185*               | 20,689                                   | 134%                                  |   |

\*These figures are supposed to equal total Estimated and Actual recurrent expenditures as reported to the Council and the MLG.

CASE STUDY - ESTIMATED AND ACTUAL EXPENDITURES, contd.

County Council C  
Period: 1984

A. EXPENDITURES BY DEPARTMENT/PROGRAM

| <u>Department/Program</u>               | <u>Pounds</u>        |                    |                             |                          | <u>Ranking of Consistency with Estimates (5)</u> |
|---|----------------------|--------------------|-----------------------------|--------------------------|--|
|   | <u>Estimates (1)</u> | <u>Actuals (2)</u> | <u>Difference (2-1) (3)</u> | <u>Percent (2÷1) (4)</u> |  |
| 1. Protection of Water Springs          | 600                  | 600                | -                           | 100%                     | 1  |
| 2. Treasurer's                          | 93,222               | 88,717             | (4,505)                     | 95.2                     | 2  |
| 3. Councillors' Allowances and Expenses | 47,224               | 43,837             | (3,387)                     | 92.8                     | 3  |
| 4. Forestry (Nursery)                   | 5,734                | 5,095              | (639)                       | 88.9                     | 4  |
| 5. Clerk's                              | 185,159              | 157,559            | (27,710)                    | 85                       | 5  |
| 6. Social Services                      | 511,603              | 427,876            | (83,727)                    | 83.6                     | 6  |
| 7. Housing                              | 4,437                | 3,637              | (800)                       | 82.0                     | 7  |
| 8. Agriculture (A.S.K. Show)            | 4,249                | 3,438              | (811)                       | 80.9                     | 8  |
| 9. Veterinary                           | 51,375               | 41,513             | (9,862)                     | 80.8                     | 9  |
| 10. Cost of Cess Collection             | 7,000                | 8,400              | 1,400                       | 120.0                    | 10   |
| 11. Public Works                        | 469,658              | 363,405            | (106,253)                   | 77.4                     | 11   |
| 12. Markets                             | 140,824              | 97,398             | (43,426)                    | 69.2                     | 12   |
| 13. Maragua Urban Center                | 16,255               | 6,200              | (10,055)                    | 38.1                     | 13   |
| TOTALS                                  | 1,537,340*           | 1,247,565*         | (289,775)                   | 81.2%                    |  |

\*These figures are supposed to equal total Estimated and Actual recurrent expenditures as reported to the Council and the MLG; actually "Actuals" are projections based on 9 months of actual data.

B. EXPENDITURES BY TYPE OF EXPENDITURE (LINE ITEM)

| Type of Expenditures<br>(Line Item)   | Pounds           |                |                            |                         | Ranking of<br>Consistency<br>with<br>Estimates<br>(5) |
|---|------------------|----------------|----------------------------|-------------------------|---|
|   | Estimates<br>(1) | Actuals<br>(2) | Difference<br>(2-1)<br>(3) | Percent<br>(2-1)<br>(4) |   |
| 1. Equipment, Tools<br>and Materials  | 11,550           | 11,546         | (4)                        | 100%                    | 1   |
| 2. Councillors' Expenses<br>and Allowances,<br>Seminars, Courses<br>and Tours | 32,220           | 32,206         | (1,014)                    | 97                      | 2   |
| 3. Petrol, Oil and Tyres  | 170,650          | 159,600        | (11,050)                   | 94                      | 3   |
| 4. Vehicle Renewals   | 105,475          | 111,525        | 6,050                      | 106                     | 4   |
| 5. Upkeep of Grounds  | 150              | 131            | (19)                       | 87                      | 5   |
| 6. Electricity, Water<br>and Conservancy                                      | 8,550            | 7,426          | (1,124)                    | 87                      | 6   |
| 7. Staff Salaries and<br>Wages  | 557,243          | 474,322        | (82,921)                   | 85                      | 7   |
| 8. Printing, Advertising<br>and Stationary                                    | 13,300           | 10,784         | (2,516)                    | 81                      | 8   |
| 9. House Allowances   | 37,280           | 44,878         | 7,598                      | 120                     | 9   |
| 10. Vehicle licenses<br>and Insurance   | 11,475           | 9,078          | (2,397)                    | 79                      | 10  |
| 11. Councils' Contribution<br>to NSSF   | 29,884           | 23,113         | (6,771)                    | 77                      | 11  |
| 12. Furniture and Fittings  | 1,500            | 1,162          | (338)                      | 77                      | 12  |
| 13. Rents and Rates   | 1,130            | 814            | (316)                      | 72                      | 13  |
| 14. Uniforms and Soap   | 14,254           | 9,970          | (4,284)                    | 70                      | 14  |
| 15. Car and Cycle Allowance   | 2,510            | 1,691          | (819)                      | 67                      | 15  |
| 16. Postage and Telephone   | 5,450            | 8,357          | 2,907                      | 153                     | 16  |
| 17. Leave Allowances  | 17,992           | 10,393         | (7,599)                    | 58                      | 17  |
| 18. Training and Exam<br>Fees (Staff)   | 8,150            | 4,661          | (3,489)                    | 57                      | 18  |
| 19. Vehicle Repairs<br>and Maintenance  | 148,300          | 80,824         | (67,476)                   | 55                      | 19  |
| 20. Repairs and<br>Maintenance of<br>Buildings and Markets                    | 24,750           | 12,461         | (12,289)                   | 50                      | 20  |
| 21. Councils' Contribution<br>to Provident Fund                               | 11,262           | 3,851          | (7,411)                    | 34                      | 21  |
| 22. Travelling and<br>Subsistence Allowance                                   | 10,066           | 3,158          | (6,908)                    | 31                      | 22  |
| 23. Hire of Transport   | 1,500            | 55             | (1,445)                    | 4                       | 23  |
| 24. All Other Expenses  | 311,699          | 225,559        | (86,140)                   | 72                      |   |
| TOTALS  | 1,537,340*       | 1,247,565*     | (289,775)                  | 81%                     |   |

\*These figures are supposed to equal total Estimated and Actual recurrent expenditures as reported to the Council and the MIG; actually "Actuals" are projections based on 9 months of actual data.

C. EXPENDITURES BY RECURRENT AND CAPITAL

| <u>Recurrent or Capital Expenditures</u> | <u>Pounds</u>           |                       |  |                                       | Ranking of Consistency with <u>Estimates</u> |
|--|-------------------------|-----------------------|--|---------------------------------------|--|
|  | <u>Estimates</u><br>(1) | <u>Actuals</u><br>(2) | <u>Difference</u><br><u>(2-1)</u><br>(3) | <u>Percent</u><br><u>(2÷1)</u><br>(4) |  |
| Recurrent Expenditures                   | 1,537,340               | 1,247,565             | (289,775)                                | 81%                                   | 1  |
| Capital Expenditures                     | <u>553,000</u>          | <u>18,701</u>         | <u>(534,299)</u>                         | <u>3</u>                              | 2  |
| TOTALS                                   | 2,090,340*              | 1,266,266*            | (824,074)                                | 60%                                   |  |

\*These figures are supposed to equal total Estimated and Actual recurrent expenditures as reported to the Council and the M.G; actually "Actuals" are projections based on 9 months of actual data.

WORKSHOP EXERCISE - EXPENDITURES OF LOCAL AUTHORITIES  
RANKED IN ORDER OF DIFFICULTY IN MANAGEMENT AND CONTROL

| <u>By Organization/Program</u> |                            | <u>By Type Of Expenditure</u>         |                            | <u>By Recurrent Or Capital</u> |                            |
|--------------------------------|----------------------------|---------------------------------------|----------------------------|--------------------------------|----------------------------|
| <u>Item</u>                    | <u>Order of Difficulty</u> | <u>Item</u>                           | <u>Order of Difficulty</u> | <u>Item</u>                    | <u>Order of Difficulty</u> |
| Treasurer's                    | -----                      | Staff salaries/<br>wages              | ----                       | Recurrent                      | --                         |
| Clerk's                        | -----                      | House allowances                      | -----                      | Capital                        | -----                      |
| Cleansing/refuse               | -                          | Petrol/oil/tyros                      | -                          |                                |                            |
| Vehicles/<br>maintenance       | -----                      | Travelling/sub-<br>sistence allowance | ---                        |                                |                            |
| Markets                        | -----                      | Equipment/tools/<br>materials         | -----                      |                                |                            |
| Councillors'<br>expenses       | -----                      | Councillors'<br>expenses/allowances   | -----                      |                                |                            |
| Social services                | -----                      | Other staff<br>exprnses               | -----                      |                                |                            |
| Water services                 | -----                      | Insurance other<br>than vehicle       | -----                      |                                |                            |
| Public health                  | -----                      | Vehicle repairs<br>maintenance        | -----                      |                                |                            |
| Sewerage services              | -----                      | Printing/adver-<br>tising/stationery  | -----                      |                                |                            |
| Parks/Recreation               | -----                      | Other staff<br>allowances             | -----                      |                                |                            |
| Housing                        | -----                      | Electricity/water/<br>conservancy     | -----                      |                                |                            |
| Veterinary                     | -                          | Rents/rates                           | ---                        |                                |                            |
| Slaughterhouse                 | -----                      | Postage/telephone                     | -----                      |                                |                            |
|                                |                            | Repair/maintenance<br>of buildings    | -                          |                                |                            |
|                                |                            | Casual labor                          | -                          |                                |                            |

WORKSHOP EXERCISE - PRIORITIZATION OF DIFFICULTIES  
ENCOUNTERED IN MANAGING AND CONTROLLING EXPENDITURES

Form into four groups composed, respectively, of (1) treasurers, (2) clerks, (3) councillors and (4) MLG (and other) participants. Decide who is to lead your discussion, who is to write down your results on a flip chart, and who is to explain your conclusions to the plenary session.

First, consider and select what are the 10 to 15 major problems encountered in your local authorities in managing and controlling expenditures. Then, indicate the priority ranking among them by assigning numbers starting with 1 for greatest difficulty, 2 for next greatest difficulty, and so on. Copy your finished list -- in priority order -- on a flip chart.

Group: \_\_\_\_\_

| <u>Problems Encountered in Managing and Controlling Expenditures</u> | <u>Priority of Difficulty</u> |
|--|-------------------------------|
| 1. _____   | _____                         |
| _____  | _____                         |
| 2. _____   | _____                         |
| _____  | _____                         |
| 3. _____   | _____                         |
| _____  | _____                         |
| 4. _____   | _____                         |
| _____  | _____                         |
| 5. _____   | _____                         |
| _____  | _____                         |
| 6. _____   | _____                         |
| _____  | _____                         |

7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_
13. \_\_\_\_\_
14. \_\_\_\_\_
15. \_\_\_\_\_

CONTROL SYSTEMS – DEFINITION AND CONSIDERATIONS

A. DEFINITION

An expenditure control system is an orderly and well-defined set of steps and interrelationships for ensuring that expenditures are made according to plan, within budget, and pursuant to published regulations, policies, and procedures.

B. WHAT WE ARE TRYING TO CONTROL

An outflow of funds for the provision to our local authorities of goods and services on a basis that:

- o is consistent with our plans and budgets;
- o is timely;
- o assures full value for money expended;
- o is cost-effective;
- o is consistent with reasonable payment expectations of suppliers; and
- o is prudent in regard to our evolving resource availabilities.

PARTIAL AND TOTAL CONTROL SYSTEMS - DEFINITIONS AND EXAMPLES

A. DEFINITIONS

1. A partial control system identifies a problem but does not assure its correction.
2. A total control system is designed not only to detect problems but also to correct them more or less automatically.

B. EXAMPLES

1. Partial Control Systems

- a. A fire prevention system that merely detects smoke and sounds an alarm
- b. A water system that merely alerts an engineer to some trouble with the chlorine level or water purity or pressure
- c. A cash flow system that merely indicates, from income and expenditure planning data, projected cash availabilities and requirements

2. Total Control Systems

- a. A fire prevention system that not only detects a fire and sounds an alarm but also turns on sprinklers to put out the fire
- b. A water system that not only detects under-chlorination of the water but automatically adds chlorine to bring the water flowing through the main water lines up to specifications
- c. A cash flow analysis and control system that:
  - not only regularly monitors actual cash and projects the relationship between future cash availabilities and cash requirements
  - but that also, in periods of potential cash shortage, assures that instructions are sent to spending department heads to hold expenditures to specified levels

CRITERIA FOR EFFECTIVE SYSTEMS FOR  
MANAGEMENT AND CONTROL OF EXPENDITURES

A. FIVE CRITERIA FOR EFFECTIVE SYSTEMS FOR MANAGEMENT AND CONTROL OF EXPENDITURES

1. The proper activities/expenditures should be controlled.
2. The controls should be timely.
3. The control measurements should be accurate.
4. The benefits should outweigh the costs of the controls.
5. The controls should be understood and accepted by the persons whose activities are controlled.

B. THE PROPER ACTIVITIES/EXPENDITURES SHOULD BE CONTROLLED

1. Expenditures selected should be critical to accomplishment of program results.
2. Expenditures to which the control system is to apply should be those for which expenditure levels are meaningful.
3. Expenditures selected should be those that can be adjusted if findings warrant.

C. THE CONTROLS SHOULD BE TIMELY

1. Variance reports should be prepared rapidly enough that they can be acted upon to correct performance.
2. Corrective actions should, to the greatest extent, still be possible.

D. THE CONTROL MEASUREMENTS SHOULD BE ACCURATE

1. The item measured should be capable of being accurately measured.
2. Honest errors (i.e., unintended human errors) should be kept to a minimum.
3. Falsification of control system data should be prevented.

E. THE BENEFITS SHOULD OUTWEIGH THE COSTS OF THE CONTROLS

1. 100% control is often excessively expensive.
2. Sampling often provides an acceptable measure of control at acceptable cost.

F. THE CONTROLS SHOULD BE UNDERSTOOD AND ACCEPTED BY THE PERSONS WHOSE ACTIVITIES ARE CONTROLLED

1. Systems that are not understood cannot be implemented.
2. Systems that are not accepted will not be implemented -- ways will be found to "beat the system".
3. Understanding the value of the activity is important.
4. Recognition by the employee of the importance of the control system is important.
5. The objective should be to get the employee to fully support the control system and its values.



STEPS IN THE MANAGEMENT AND CONTROL OF EXPENDITURES

A. FIRST STEP: SET STANDARDS OR PERFORMANCE OBJECTIVES

1. Plans as a source of standards
2. Monetary, physical and time standards
3. Standards set as an administrative task
4. Intrinsic value, or worth, of the results of the expenditures as standards
5. Indicators/ratios as standards
  - a. Ratios
  - b. Return on Investment (ROI)
  - c. Performance over time and peer performance comparisons

B. SECOND STEP: MEASURE AND RECORD PERFORMANCE

1. Decide what is to be measured.
2. Determine how measurements are to be taken.
3. Make the measurements.
4. Record the measurements.

C. THIRD STEP: ANALYZE AND COMMUNICATE RESULTS

1. Compare performance with standards and determine variances.
2. Determine the reasons for the variances.
3. Determine the significance of the variances.
4. Communicate findings to those able to take corrective action

D. FOURTH STEP: TAKE CORRECTIVE ACTIONS

1. Short-term versus long-term corrective actions
  - a. Short-term: actions taken immediately to correct performance
  - b. Long-term: actions taken over longer periods of time to modify plans, systems, and resources
2. Real-time versus post-facto corrective actions
  - a. Real-time: actions taken to correct performance as it is occurring.
  - b. Post-facto: actions taken to correct future performance after the measurement is taken.
3. Corrective actions regarding people versus corrective actions regarding objective factors
  - a. Problems in managing and controlling expenditures most often relate to objective factors, not people.
  - b. When such procedures do relate to people, a wide spectrum of corrective actions is available.



PLANS AS A SOURCE OF STANDARDS - CONCEPT AND EXAMPLES

A. DEFINITION OF A PERFORMANCE STANDARD

A standard is a pre-set measurement that can serve as a reference point for evaluating results

B. PLANS AS A SOURCE OF STANDARDS

1. Concept

Plans and planning data provide performance standards for the making of expenditures. In fact, nearly all expenditure standards flow directly or indirectly from one's plans.

2. Examples

a. Goals and Their Standards

Construction costs of the new slaughterhouse are not to exceed the figures in the approved project justification.

b. Objectives and Their Standards

Capital costs per low-income housing unit are not to exceed Kshs. 100,000.

c. Expenditure Figures in Approved Budgets

Salaries and wages for the Parks/Recreation Department in 1987/88 are to total approximately Kenya Pounds 125,000, the figure in the approved Estimates.

d. Policy Guidelines

All cash collected from market operations is to be turned in to the cashier at the end of each day.

e. Procedural Guidelines

Receipts for bus park vehicle charges are to be recorded on numbered receipts contained in numbered receipt books issued by the treasurer. One copy is to be retained by the bus park collector. Two copies are to be given to the vehicle driver. One of his two copies is to be turned in to the bus park exit employee on exit of the vehicle.

MONETARY, PHYSICAL, AND TIME STANDARDS - CONCEPT AND EXAMPLES

A. CONCEPT

Perhaps the most familiar standards are (1) monetary, specifying the money to be paid, (2) physical, specifying the quantity and quality of the goods and services, and (3) time, specifying when the goods or services are to be provided.

B. EXAMPLES

1. Monetary Standard

a. Concept

A monetary standard is expressed in shillings and refers to the amount of money that will be paid out. This is, often, the figure stated in the local authority's expenditure Estimates.

b. Example

Expenditures for maintenance of parks are not to exceed Kshs 100 per day.

2. Physical Standard

a. Concept

A physical standard states the quantity and, usually, the quality of the product or service for which shillings are expended.

b. Example

Five-man road maintenance teams are to maintain approximately 500 linear meters of road surface per day.

3. Time Standard

a. Concept

A time standard indicates when the goods and services are to be provided for which the shillings are to pay.

b. Example

Invoices are to be paid (1) consistent with the terms where terms have been specified and (2) otherwise so as to average 35 days from receipt of goods and services.

STANDARDS SET AS AN ADMINISTRATIVE TASK -  
CONCEPT AND EXAMPLES

A. CONCEPT

Most standards required for the making of expenditures do not emerge automatically from the plans and budgets but must, instead be constructed as a deliberate management effort.

B. EXAMPLES

1. Overtime costs should not exceed 5% of the total wage payroll.
2. Average petrol usage of not less than five kilometers per liter should be achieved for the local authority's trucks.
3. Invoices for which payment terms are defined in advance should be paid in accordance with those terms -- but not materially in advance of them (e.g., bills due in 45 days should be paid only slightly in advance of 45 days).
4. At least 90% of invoices for which no payment terms have been defined should be paid between 25 and 30 days of provision of the goods and services or submission of invoices, whichever comes later.
5. In light of anticipated seasonality of cash flow, expenditures for road maintenance should be phased by quarter: 30% in January-March, 15% in April-June (long rains), 35% in July-September, and 20% in October-December (short rains).

INTRINSIC VALUE, OR WORTH, OF THE RESULTS  
OF THE EXPENDITURES AS STANDARDS - CONCEPT AND EXAMPLES

A. CONCEPT

Expenditures should lead to results that have an intrinsic value or worth to those putting up the funds equal to or greater than the value to them of the funds expended or of their expenditure for an alternate purpose.

B. EXAMPLES

1. Funds spent on primary school education should produce (i) results to the wananchi equivalent in value to (ii) the benefits to the wananchi of spending the same funds on other local authority programs.
2. Funds spent on paving secondary roads should not exceed the value to the wananchi of (i) the paving of such roads versus (ii) leaving the roads unimproved and utilizing the funds for other priority purposes.
3. Funds spent on constructing a stadium should produce benefits for the wananchi equal to or greater than what would result from a different use or uses of the same funds.

INDICATORS/RATIOS AS STANDARDS - CONCEPT AND EXAMPLES

A. CONCEPT

Performance indicators can be of great value in assessing performance in managing and controlling expenditures. These indicators are usually in the form of ratios calculated by dividing (i) results achieved by (ii) resources utilized.

B. EXAMPLES

1. Ratios

$$\frac{\text{Results}}{\text{Resources}} = \text{Performance Indicator}$$

$$\frac{\text{collections per collector per month}}{\text{market days per month}} = \text{collections per collector per day}$$

$$\frac{\text{sheets of paper used per month}}{\text{average employees per month}} = \text{sheets of paper used per employee per month}$$

$$\frac{\text{sewerage system upkeep costs}}{\text{number of connected building units}} = \text{costs per connected unit}$$

$$\frac{\text{overtime costs per week}}{\text{total wage costs per week}} = \text{overtime costs as percent of total wages}$$

2. Return On Investment (ROI)

The new slaughterhouse is expected to generate a return on investment (or ROI) of at least 15%. That is, on investment costs of KShs. 4,000,000, net income is to equal at least Kshs. 600,000 or 15%.

PERFORMANCE OVER TIME AND PEER PERFORMANCE COMPARISONS -  
CONCEPT AND EXAMPLES

A. CONCEPT

While most performance ratios tell us very little by themselves, their utility can be much enhanced by comparing them with data on:

- o our own performance over previous time periods, and
- o performance achieved by other local authorities or comparable organizations.

B. EXAMPLES

1. Performance over Time

Expenditures for repair and maintenance of sewers per connected housing unit averaging Kshs 310 in 1987. This compares with expenditures averaging Kshs 200 in 1984, Kshs 215 in 1985, and Kshs 225 in 1986.

Market collections by collector A in the range of Kshs 1400-1600 daily for most days. This compares with collections typically dropping to Kshs 500-600 the last two or three days before his payday.

2. Peer Performance Comparisons

Market collections by collector A averaging Kshs 1400-1600 per day, no matter to what market area assigned. This compares with collections by collectors B, C, and D averaging Kshs 1900-2100 daily.

Expenditures for trash collection averaging Kshs 25 per week per household served. This compares with expenditures averaging Kshs 15 per week for two local authorities with almost identical trash collection requirements.

WORKSHOP EXERCISE – SETTING PERFORMANCE STANDARDS

Please form into four groups. Each group is to select a different area of recurrent or ongoing expenditures. Then, each group is to develop a list of at least ten performance standards for the management and control of expenditures for the given area. Results are to be recorded on flip charts. At the close of the exercise, a spokesman for each group should describe the standards that his group has recorded on its flip chart. Please note that you will be asked to work in later workshop exercises with the standards that your group selects.

1. Select an Area or a Project

Please select an area of recurring expenditures such as one of the following:

- |  |   |
|--|---|
| <input type="radio"/> Bus park operations                            | <input type="radio"/> Roads/bridges maintenance           |
| <input type="radio"/> Housing management                             | <input type="radio"/> Slaughterhouse operations           |
| <input type="radio"/> Market operations                              | <input type="radio"/> Social services operations          |
| <input type="radio"/> Purchasing, and<br>payments of<br>invoices due | <input type="radio"/> Water/sewerage system<br>operations |

PLEASE LOOK ON THE EXPENDITURE AREA YOU HAVE SELECTED AS AN ONGOING PROGRAM IN THE RECURRENT BUDGET, NOT AS A CAPITAL CONSTRUCTION PROJECT.

Area of Recurring Expenditures Selected: \_\_\_\_\_

---

2. Define Ten Hypothetical Performance Standards for Managing and Controlling Recurrent Expenditures (Repeat, Recurrent Expenditures) in the Area Selected

1. \_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
\_\_\_\_\_
3. \_\_\_\_\_  
\_\_\_\_\_
4. \_\_\_\_\_  
\_\_\_\_\_
5. \_\_\_\_\_  
\_\_\_\_\_
6. \_\_\_\_\_  
\_\_\_\_\_
7. \_\_\_\_\_  
\_\_\_\_\_
8. \_\_\_\_\_  
\_\_\_\_\_
9. \_\_\_\_\_  
\_\_\_\_\_
10. \_\_\_\_\_  
\_\_\_\_\_

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DECISIONS ON WHAT IS TO BE MEASURED - CONCEPT AND EXAMPLES

A. CONCEPT

Measuring performance requires decisions on exactly what is to be measured.

B. EXAMPLES

1. Measurement of True Costs of a Capital Investment

In order to measure true costs of building a new market and to be able to calculate true return on investment, costs included are to comprise not only:

- o contract costs, but also
- o costs of labour and other resources contributed by the local authority, and
- o loan servicing costs.

2. Measurement of Costs Contributed by a Local Authority

Contributed costs by the local authority are to include:

- o estimated planning costs,
- o direct labour costs,
- o other personnel support,
- o supplies and equipment, and
- o allocated overhead.

DECISIONS ON HOW MEASUREMENTS ARE TO BE TAKEN -  
CONCEPT AND EXAMPLES

A. CONCEPT

Measuring performance requires decisions on exactly how and when measurements are to be taken.

B. EXAMPLES

1. Temperatures to be reported to the national weather service are to be taken in centigrade by a thermometer placed five feet above the ground in a grassy park area and sheltered with 3/4" lumber from both direct and indirect rays of the sun.
2. In calculating average costs per working employee for a given day, all labor costs are to be divided by the number of employees reported as at work by noon of that day.
3. Inspectors are to verify, through three unannounced inspections per day, that entrance receipts are held by all vehicles in the bus park at these times.
4. The internal auditor is to review 10% of all payment transactions by comparing:
  - o budget authority,
  - o delivery receipts,
  - o invoices, and
  - o disbursement checks.
5. Replenishment of petty cash funds is to depend on examination of every disbursement transaction document.

1/1

MAKING THE MEASUREMENTS – CONCEPT AND EXAMPLES

A. CONCEPT

With it decided exactly what is to be measured and how and when, it is then necessary to actually make the measurements of expenditure performance according to a predetermined plan.

B. EXAMPLES

1. General Observation

The physical maintenance of the council headquarters building is noted by the clerk on a daily basis.

2. Individual Inspections, Tests, Samples, etc

The chlorine level of the water is measured daily by the department's chemist.

3. Automatic Methods

The dry-copy reproduction machine operates only by individual plastic cards issued to each department so as to record and charge to each department the number of copies produced on its behalf.

RECORDING THE MEASUREMENTS – CONCEPT AND EXAMPLES

A. CONCEPT

For the measurements of performance in managing and controlling expenditure to be useful, they must be recorded in a clear and useful way.

B. EXAMPLES

1. Aging Of Invoices

(i) April: Average age of invoices at time of payment was 35 days.

2. Bus Park Management

(ii) May 10, 3:00 p.m.: Drivers of 3 matatus in bus park could not produce entrance receipts.

3. Market Management

(iii) Market Collector A (in Kshs.):

|         |                  |
|---------|------------------|
| June 9  | 415              |
| June 10 | 837 (market day) |
| June 11 | 320              |
| June 12 | 340              |
| June 13 | 875 (market day) |
| June 14 | 425              |

4. Funds Availability Management

(iv) Cash book balances at end of day (in Kshs):

|         |        |
|---------|--------|
| June 9  | 18,737 |
| June 10 | 9,005  |
| June 11 | 137    |
| June 12 | 6,743  |
| June 13 | 9,202  |

ANALYSIS OF RESULTS OF PERFORMANCE MEASUREMENTS -  
CONCEPT AND EXAMPLES

A. CONCEPT

With standards defined and measurements made and recorded, it becomes necessary to analyze the results and determine the resources and their significance for our plan or activity.

B. EXAMPLES

1. Compare Performance with Standards and Determine Variances

|       | <u>Standards</u>  | <u>Actuals</u>  | <u>Variances</u>  |
|-------|---|---|---|
| (i)   | Average age of paid invoices is 28 days   | April: 35 days  | 7 days or 25% over standard                                     |
| (ii)  | All vehicles in park have paid entrance fees  | May 10, 3 p.m.: 3 matatus have not paid   | 3 matatus   |
| (iii) | Collectors averaging some Kshs 350-400 on ordinary days and Kshs 825-875 on market days | June 9-14: collectors averaging Kshs 375 on ordinary days and Kshs 856 on market days                 | Substantially met standards                                     |
| (iv)  | End-of-day bank (cash book) balance never to fall below Kshs 5,000                      | June 9      18,737<br>June 10     9,005<br>June 11      137<br>June 12     6,743<br>June 13     9,202 | Met standard except on June 11 when balance dropped to Kshs 137 |

2. Determine the Reasons for Variances

- (i) Payment of invoices was delayed in April because two accountants were on vacation.
- (ii) 3 matatus without entrance receipts appears to involve collusion on the part of the bus park collector and matatu drivers.
- (iii) No variance in market collections
- (iv) End-of-day balance on June 11 dropped to Kshs 137 because chief accountant failed to monitor status of bank (cash book) balances that day.

3. Determine The Significance of the Variances

- (i) Delay in April in payment of invoices is not significant in view of reasons; expect performance to improve in May.
- (ii) Likely collusion in collecting bus park fees is sufficiently serious as to require considering terminating the bus park fee collector.
- (iii) No variance in market collections
- (iv) Possible future overdrafts if situation not corrected

DETERMINING THE TIMING OF THE ANALYTICAL  
APPROACHES - CONCEPT AND EXAMPLES

A. CONCEPT

A determination must be made as to when performance is to be analyzed. The analysis may be in real-time, i.e., simultaneous with the event, or post-facto, i.e., after the event.

B. EXAMPLES

1. Real-time Methods

- a. Inspection of goods as they are being delivered
- b. Inspection of segments of road laid each day
- c. Continuous recording of bank balances (cash book balances) each time checks are written and deposits are made
- d. Evaluation of size and adequacy of petty cash balances each time that a withdrawal is proposed

2. Post-Facto or After-the-Event Methods

- a. Payment vouchers processed per accounting employee per week
- b. End-of-month audits of expenditure transactions to determine conformance with policies, procedures, and accounting standards and practices

DETERMINING THE TIMING OF REPORTING - CONCEPT AND EXAMPLES

A. CONCEPT

As important as when measurements of expenditures are taken and evaluated is that findings be reported on a timely basis to those responsible for taking corrective actions.

B. EXAMPLES

1. Audits and recommendations for action by the Office of the Controller and Auditor General too late to have much effect on long-term results -- and, of course, none on results for the period being audited
2. Reports on actual expenditures for a financial year versus the Estimates approved more than a year earlier provided to the Ministry of Local Government -- and to the local council and its finance committee -- not only (1) long after the year has ended but also (2) many months after the completion of the Estimates for the next year.

SHORT-TERM VERSUS LONG-TERM CORRECTIVE  
ACTIONS - CONCEPT AND EXAMPLES

A. CONCEPT

Corrective actions with respect to expenditures must be taken as necessary and may be short-term or long-term.

- o Short-term actions, taken immediately to correct performance, are intended to affect behaviour and results within the context of current plans and systems.
- o Long-term actions, taken over longer periods of time to correct performance, involve more fundamental changes to plans, systems, and resources.

B. EXAMPLES

1. Short-Term: Taken Immediately To Correct Performance

- a. In U.S. space satellite flights of a few years ago when many heat-deflecting tiles peeled off the satellites' exteriors:
  - o reformulate the adhesive that fastened the tiles to the satellites' surfaces.\*
- b. When examination of goods being delivered shows a failure to meet specifications:
  - o reject the delivery on the spot.
- c. When the volume of mosquito-destroying chemicals purchased and delivered is found to be insufficient to have the desired impact on malaria protection:
  - o postpone the field work in applying these products to swamps and ponds until sufficient supplies can be secured.
- d. When figures in expenditure registers are found not to total and cross-check properly:
  - o re-add and re-balance all relevant ledger accounts.

\* Real-world example

2. Long-Term: Taken Later To Modify Plans, Systems, and Resources
- a. As a result of the January 1986 U.S. space shuttle disaster at Cape Canaveral when the booster section and shuttle exploded and all seven crew members were killed:\*
    - o postpone future shuttle flights for a year or so,
    - o replace key National Aeronautics and Space Administration (NASA) personnel,
    - o place increased emphasis on flight safety in the decision-making processes of NASA,
    - o redesign the booster section seals, developing also a backup system for them, and
    - o re-evaluate the safety of all components deemed critical to the shuttles' success.
  - b. When products procured fail to achieve the results intended:
    - o postpone further procurement and use until the specifications can be redrawn.
  - c. When the mosquito-destroying chemicals are found to have unacceptable ecological impacts:
    - o postpone further use until research chemists can develop improved products.
  - d. When available financial reports are found not to measure performance in a directly relevant way:
    - o restudy and redesign the accounting and management information systems to meet better the needs of the treasurer, clerk and council.

\*Real-world example

REAL-TIME VERSUS POST-FACTO CORRECTIVE ACTIONS -  
CONCEPT AND EXAMPLES

A. CONCEPT

Short-term corrective actions may be taken (1) in real-time, i.e., concurrent with the event, or (2) post-facto to -- i.e., after -- the event.

B. EXAMPLES

1. Real-time or Concurrent Corrective Actions

In depositing funds into and writing cheques against a bank account, the visible decline in cash book balances triggers, in real-time, either a cessation of cheque-writing activity or the deposit of added funds to the account.

2. Delayed Or Post-Facto Corrective Actions

An apparently unwarranted decline in market receipts from collector A results in assignment of a new collector (after, or post-facto to, the decline).

An audit report demonstrating excessively loose adherence to valid control procedures results in corrective action via increased management attention to the area (after, or post-facto to, the event of loose control).

CORRECTIVE ACTIONS REGARDING PEOPLE VERSUS  
OBJECTIVE FACTORS - CONCEPT AND EXAMPLES

A. CONCEPT

Corrective actions may be taken vis-a-vis either (1) people or (2) the more objective factors -- e.g., plans, policies, procedures, and systems -- that underlie and contribute to performance. More often than not, the basic problem is not with the occupant of the position involved. Instead, it is most frequently to be found in the set of underlying objective factors. Fortunately, this is the area that the local authority is most likely to be able to modify with constructive results.

B. EXAMPLES

1. Suppose funds are misappropriated by a market collector in a remote area who is expected to retain his collections for several days at a time. Accepting our limited ability to modify human nature, is the basic problem, in practical and pragmatic terms, the dishonesty of the incumbent employee or inadequacies in the financial control system?
2. Suppose accounts must be maintained on loose, unlined sheets of readily-torn paper of various sizes and types, and computations must be performed by mental and written addition, subtraction, multiplication, and division. In this case, are inaccuracies in results the fault (1) of the accountant or (2) instead, at least to some extent, of the inadequate physical resources provided to him?
3. Suppose the organization structure in practice imposes on a manager two or more bosses (e.g., treasurer, department head, and councillor) who make conflicting demands. In this case, may performance shortcomings be the result of unsound organizational arrangements?
4. What about performance deficiencies of the trained mechanical engineer who is asked to supervise and perform technical work in a field well outside of what might properly be expected to be within his competence?

WORKSHOP EXERCISE -  
MEASURE AND RECORD PERFORMANCE, ANALYZE AND  
COMMUNICATE RESULTS, AND TAKE CORRECTIVE ACTIONS

Please form into groups. In Workshop Exercise #25, each group chose an area of local authority activity for which it developed performance standards. Now, each group should, for that same area -- for, say, four or five performance standards -- determine (1) how performance should be measured and recorded, (2) how results should be analyzed and communicated, and (3) what types of corrective actions might, in certain given situations, be taken. Do not feel limited to problems with expenditures though these should be the bulk of your examples.

It would be useful for the group to develop a brief scenario of some problems that have arisen in regard to performance within the hypothetical local authority in regard to the area chosen.

For example, if a public market has been chosen, problems in performance might include such things as the following:

- o erratic revenues;
- o expenditures for staffing, especially overtime, that exceed budget plans;
- o excessive absenteeism;
- o expenditures for daily/weekly upkeep and maintenance in excess of budget;
- o expenditures that remain constant while volume of market activity has declined;
- o inadequate documentation of expenditures;
- o excessively late payment of invoices for work performed by contractors;
- o late arrivals of market collectors for, and early departure from, work;
- o failure of market managers to comply with expectations that money collected will be turned in daily; and/or
- o tabulations of money deposited in the bank from market collections that are at variance with (1) reports of market collectors as to amounts collected and (2) reports of market managers as to amounts turned over to the treasurer's office.

Please complete the following format as a way of recording your results.

A. AREA SELECTED IN WORKSHOP EXERCISE #25: \_\_\_\_\_

B. SCENARIO OF CURRENT SITUATIONAL PROBLEMS: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

C. HOW PERFORMANCE WILL BE MEASURED AND RECORDED

|    | <u>Performance Standard *</u><br><u>(from Item #25)</u> | <u>What and How Measured, by Whom, and When</u> | <u>How Analyzed and by Whom</u> | <u>Types of Corrective Actions (Short-term &amp; Long-term)</u> |
|----|---|---|---------------------------------|---|
| 1. | _____   | _____   | _____                           | _____   |
|    | _____   | _____   | _____                           | _____   |
| 2. | _____   | _____   | _____                           | _____   |
|    | _____   | _____   | _____                           | _____   |
| 3. | _____   | _____   | _____                           | _____   |
|    | _____   | _____   | _____                           | _____   |
| 4. | _____   | _____   | _____                           | _____   |
|    | _____   | _____   | _____                           | _____   |
| 5. | _____   | _____   | _____                           | _____   |
|    | _____   | _____   | _____                           | _____   |

\* Feel free to modify the standards that your group has described in Workshop Exercise #25 or to substitute different standards that you consider more appropriate for this exercise.



WORKSHOP EXERCISE -  
MANAGEMENT APPROACHES AND CONTROLS APPLICABLE TO  
EXPENDITURES CLASSIFIED BY TYPE-OF-EXPENDITURE OR LINE-ITEM  
CATEGORIES AND BY DEPARTMENTS AND MAJOR PROGRAMS

Please form into groups. Then complete the format on the next pages. The task is to state two standards applicable to each of three line-item expenditure areas and to each of three department/major program areas. Then, each group is to indicate how such standards might be measured, how the significance of any variances might be determined, and what types of corrective actions might be taken. Please try to illustrate by choosing types of standards, etc., that are unique to the given areas and different from those applicable to other areas. Remember that we are looking for "real-world" results. What, in your local authorities, do you actually do or what should you actually be doing?

A. TYPE-OF-EXPENDITURE OR LINE-ITEM CATEGORIES

Performance areas to be assigned include:

- |                              |   |
|------------------------------|---|
| 1. Personnel                 | 5. Utilities  |
| 2. Office Supplies           | 6. Rents  |
| 3. Equipment                 | 7. Capital investment<br>(or a particular<br>capital project) |
| 4. Materials and Inventories | 8. Debt Service   |

|           | <u>If Four Groups</u> | <u>If Three Groups</u> |
|-----------|-----------------------|------------------------|
| Group 1 : | #s 1, 2 and 7         | #s 1, 2 and 7          |
| Group 2 : | #s 1, 3 and 5         | #s 3, 5 and 8          |
| Group 3 : | #s 3, 5 and 7         | #s 1, 4 and 6          |
| Group 4 : | #s 4, 6 and 7         |                        |

Groups may feel free to narrow the areas assigned, e.g., "Equipment" to "Vehicles" or "Office Equipment". or "Utilities" to "Water".

| <u>Performance Standards</u> | <u>What and How Measured, by Whom, and When</u> | <u>How Analyzed and By Whom</u> | <u>Types of Corrective Actions (Short-term &amp; Long-term)</u> |
|------------------------------|---|---------------------------------|---|
| 1. Area _____                |   |                                 |   |
| a. _____<br>_____<br>_____   | a. _____<br>_____<br>_____                      | a. _____<br>_____<br>_____      | a. _____<br>_____<br>_____                                      |
| b. _____<br>_____<br>_____   | b. _____<br>_____<br>_____                      | b. _____<br>_____<br>_____      | b. _____<br>_____<br>_____                                      |
| 2. Area _____                |   |                                 |   |
| a. _____<br>_____<br>_____   | a. _____<br>_____<br>_____                      | a. _____<br>_____<br>_____      | a. _____<br>_____<br>_____                                      |
| b. _____<br>_____<br>_____   | b. _____<br>_____<br>_____                      | b. _____<br>_____<br>_____      | b. _____<br>_____<br>_____                                      |
| 3. Area _____                |   |                                 |   |
| a. _____<br>_____<br>_____   | a. _____<br>_____<br>_____                      | a. _____<br>_____<br>_____      | a. _____<br>_____<br>_____                                      |
| b. _____<br>_____<br>_____   | b. _____<br>_____<br>_____                      | b. _____<br>_____<br>_____      | b. _____<br>_____<br>_____                                      |

B. DEPARTMENTS AND MAJOR PROGRAMS

Again, for departments and major programmes, remember that we are looking for you to identify things unique to each of these areas that would require different types of standards, different approaches to measurements, different actual measurements, and different corrective actions. For example, for Education, standards might be numbers of students taught per teacher, average class size, and progress achieved on standard examinations. For Markets, standards might be average numbers of vendors and/or consumers per market employee, clean-up expenses per shilling of revenue, and overtime as a proportion of standard time.

Performance areas to be assigned include recurrent operations in the following departments.\*

- |                                 |                                |
|---------------------------------|--------------------------------|
| 1. Clerk's Department           | 7. Housing Department          |
| 2. Treasurer's Department       | 8. Roads/Bridges Department    |
| 3. Education Department         | 9. Parks/Recreation Department |
| 4. Health/Sanitation Department | 10. Markets Department         |
| 5. Water Department             | 11. Bus Parks Department       |
| 6. Sewerage Department          | 12. Slaughterhouse Department  |

|         | <u>If Four Groups</u> | <u>If Three Groups</u> |
|---------|-----------------------|------------------------|
| Group 1 | #s 1, 3 and 10        | #s 1, 3 and 6          |
| Group 2 | #s 2, 4 and 7         | #s 2, 4 and 7          |
| Group 3 | #s 5, 8 and 11        | #s 5, 8 and 9          |
| Group 4 | #s 6, 9 and 12        |                        |

\*Some of these may be sub-organizations or programmes within larger council departments

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| <u>Performance Standards</u> | <u>What and How Measured, by Whom, and When</u> | <u>How Analyzed and By Whom</u> | <u>Types of Corrective Actions (Short-term &amp; Long-term)</u> |
|------------------------------|---|---------------------------------|---|
| 1. Area _____                |   |                                 |   |
| a. _____<br>_____<br>_____   | a. _____<br>_____<br>_____                      | a. _____<br>_____<br>_____      | a. _____<br>_____<br>_____                                      |
| b. _____<br>_____<br>_____   | b. _____<br>_____<br>_____                      | b. _____<br>_____<br>_____      | b. _____<br>_____<br>_____                                      |
| 2. Area _____                |   |                                 |   |
| a. _____<br>_____<br>_____   | a. _____<br>_____<br>_____                      | a. _____<br>_____<br>_____      | a. _____<br>_____<br>_____                                      |
| b. _____<br>_____<br>_____   | b. _____<br>_____<br>_____                      | b. _____<br>_____<br>_____      | b. _____<br>_____<br>_____                                      |
| 3. Area _____                |   |                                 |   |
| a. _____<br>_____<br>_____   | a. _____<br>_____<br>_____                      | a. _____<br>_____<br>_____      | a. _____<br>_____<br>_____                                      |
| b. _____<br>_____<br>_____   | b. _____<br>_____<br>_____                      | b. _____<br>_____<br>_____      | b. _____<br>_____<br>_____                                      |

WORKSHOP EXERCISE -  
MANAGEMENT APPROACHES AND CONTROL OF EXPENDITURES  
APPLICABLE TO VARIOUS LEVELS OF ORGANIZATION

Please form into groups. Then complete the format on the next page in a manner similar to that for the previous workshop exercise.

Organizational levels to be considered include:

1. Operating managers
2. Department heads
3. Treasurer
4. Clerk
5. Council Finance and Program Committees
6. Council
7. Ministry of Local Government
8. Controller and Auditor General

One good way to approach this exercise is to utilize the area or project chosen in Workshop Exercise #25 (and developed further in Workshop Exercise #36). Each group is, however, free to choose another area.

| <u>Performance Standards</u> | <u>What and How Measured, by Whom, and When</u> | <u>How Analysed and By Whom</u> | <u>Types of Corrective Actions (Short-term &amp; Long-term)</u> |
|------------------------------|---|---------------------------------|---|
| Area _____                   |   |                                 |   |
| 1. Operating Managers        |   |                                 |   |
| a. _____<br>_____            | a. _____<br>_____                               | a. _____<br>_____               | a. _____<br>_____   |
| b. _____<br>_____            | b. _____<br>_____                               | b. _____<br>_____               | b. _____<br>_____   |
| 2. Department Heads          |   |                                 |   |
| a. _____<br>_____            | a. _____<br>_____                               | a. _____<br>_____               | a. _____<br>_____   |
| b. _____<br>_____            | b. _____<br>_____                               | b. _____<br>_____               | b. _____<br>_____   |
| 3. Treasurer                 |   |                                 |   |
| a. _____<br>_____            | a. _____<br>_____                               | a. _____<br>_____               | a. _____<br>_____   |
| b. _____<br>_____            | b. _____<br>_____                               | b. _____<br>_____               | b. _____<br>_____   |
| 4. Clerk                     |   |                                 |   |
| a. _____<br>_____            | a. _____<br>_____                               | a. _____<br>_____               | a. _____<br>_____   |
| b. _____<br>_____            | b. _____<br>_____                               | b. _____<br>_____               | b. _____<br>_____   |

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| <u>Performance Standards</u>              | <u>What and How Measured, by Whom, and When</u> | <u>How Analyzed and By Whom</u> | <u>Types of Corrective Actions (Short-term &amp; Long-term)</u> |
|---|---|---------------------------------|---|
| 5. Council Finance and Program Committees |   |                                 |   |
| a. _____<br>_____                         | a. _____<br>_____                               | a. _____<br>_____               | a. _____<br>_____   |
| b. _____<br>_____                         | b. _____<br>_____                               | b. _____<br>_____               | b. _____<br>_____   |
| 6 Council                                 |   |                                 |   |
| a. _____<br>_____                         | a. _____<br>_____                               | a. _____<br>_____               | a. _____<br>_____   |
| b. _____<br>_____                         | b. _____<br>_____                               | b. _____<br>_____               | b. _____<br>_____   |
| 8. Ministry of Local Government           |   |                                 |   |
| a. _____<br>_____                         | a. _____<br>_____                               | a. _____<br>_____               | a. _____<br>_____   |
| b. _____<br>_____                         | b. _____<br>_____                               | b. _____<br>_____               | b. _____<br>_____   |
| 9. Controller and Auditor General         |   |                                 |   |
| a. _____<br>_____                         | a. _____<br>_____                               | a. _____<br>_____               | a. _____<br>_____   |
| b. _____<br>_____                         | b. _____<br>_____                               | b. _____<br>_____               | b. _____<br>_____   |

MAJOR CATEGORIES OF MECHANISMS FOR  
MANAGEMENT AND CONTROL OF EXPENDITURES

A. MECHANISMS RELATED TO THE BUDGET

1. Approvals in Advance of Expenditures that Funds Are Included in the Council's Budget.
2. Periodic Allocations of Budgeted Funds for Expenditure

B. FUND AVAILABILITIES

1. Cash Flow Projections as a Control Mechanism
2. Petty Cash Funds as an Example of an Expenditure Resource Established at a Fixed Size.

C. GUIDELINES

1. Local Government or Industry Norms
2. Percentage of Sales or Income
3. Extent of Savings
4. Percentage of Added Net Income
5. Analytically Established Pre-set Standards

D. PROCEDURAL CONTROLS

1. Restrictions on Who May Authorize/Make Expenditures, including Procurement and the Like
2. Authority Levels by Type of Expenditure and Level of Approving Officer
3. & 4. Requirements for Approval in Advance and for Documentation of Need for Expenditures
5. & 6. Comparative Quotations and Competitive Bidding
7. Physical Verification
8. Reconciliation of Documents
9. Post-Expenditure Audit

E. PROMPT REPORTING AND ANALYSIS

1. Reporting on Monetary Expenditures versus Standards
2. Reporting on Physical Results versus Standards

F. MOTIVATIONS AND IMPOSITION OF PENALTIES

1. Positive Motivations
2. Negative Motivations
3. Factors Deterring Effective Use of Penalties

BUDGET MECHANISMS FOR CONTROL OF EXPENDITURES -  
CONCEPTS, FACTORS, AND EXAMPLES

A. CONCEPT

The approved budget is the most basic tool for managing and controlling expenditures.

B. CONTROL MECHANISMS

1. Approvals in Advance of Expenditures that Funds Are Included in the Council's Budget

a. Concept

Financial managers may require that proposals to incur specific expenditures be independently reviewed and approved as being for purposes and within amounts provided in the council's budget.

b. Examples

Purchase orders may include a line requiring approval by the treasurer certifying that the item is provided for in the council's budget

Proposals to hire staff may require written certification by the treasurer that both the position and adequate funds are provided for in the council's budget.

2. Periodic Allocations of Budgeted Funds for Expenditure

a. Concept

Instead of treating approval of the Estimates or budget as an automatic license to spend, treasurers may notify spending departments of periodic allocations of only a part of the funds authorized in the budget.

b. Factors

Factors that often are utilized to determine the size and frequency of such allocations include the following. .

- o Availability of revenue (cash flow)

- o Realistic need of department or project for funds for a reasonable period ahead -- such as for the next month or quarter -- e.g., seasonal or cyclical pattern of expenditure requirements
- o Documentation that funds previously allocated have been fully and properly expended

3. Schedules for Expenditures

a. Concept

A variant of systems of periodic allocations of budgeted funds is the publication by the treasurer's office of month-by-month expenditure schedules for departments and/or programs.

b. Examples

Publication of monthly expenditure schedules by:

- o major department and/or
- o major program

Monthly expenditure schedules geared to:

- o seasonal spending patterns and/or
- o cash flow projections of revenue that will be available to pay for expenditures

Expenditures held below annualized levels for most of the year until assurance exists regarding the actual level of annual revenue and, therefore, the real availability of funds for expenditure

8.

FINANCIAL MANAGEMENT WORKSHOP  
EXPENDITURE MANAGEMENT AND CONTROL  
KENYA

EXAMPLE OF AN INITIAL CASH FLOW PROJECTION  
(Kenyan Pounds 000)

| <u>ACTIVITIES</u>                 | <u>1/4</u> | <u>1/5</u> | <u>1/5</u> | <u>1/7</u> | <u>1/8</u> | <u>1/9</u> | <u>1/10</u> | <u>1/11</u> | <u>1/12</u> | <u>1/1/88</u> | <u>1/2</u> | <u>1/3</u> | <u>12</u><br><u>Mos.</u> |
|-----------------------------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|---------------|------------|------------|--------------------------|
| Beginning Balance                 | 50         | 63         | 48         | 17         | 40         | (13)       | (71)        | (115)       | (132)       | (73)          | (28)       | 21         | 50                       |
| <u>Income</u>                     |            |            |            |            |            |            |             |             |             |               |            |            |                          |
| Rates                             | 65         | 65         | 65         | 60         | 60         | 60         | 70          | 70          | 70          | 70            | 70         | 65         | 790                      |
| Water Sales                       | 53         | 53         | 53         | 58         | 58         | 58         | 50          | 50          | 50          | 58            | 58         | 60         | 659                      |
| Sewerage Fees                     | 21         | 21         | 21         | 21         | 21         | 21         | 21          | 21          | 21          | 21            | 21         | 23         | 254                      |
| Government Grants                 | 20         | 10         | 10         | 85         | 25         | 5          | 5           | 15          | 10          | 10            | 30         | 30         | 255                      |
| Housing Rents                     | 17         | 17         | 17         | 17         | 17         | 18         | 19          | 20          | 20          | 20            | 20         | 20         | 222                      |
| Refuse Collection & Disposal Fees | 16         | 16         | 16         | 17         | 17         | 17         | 17          | 17          | 17          | 17            | 17         | 17         | 201                      |
| Markets                           | 15         | 14         | 13         | 13         | 13         | 14         | 14          | 15          | 16          | 16            | 16         | 16         | 175                      |
| Slaughterhouse                    | 2          | 2          | 2          | 2          | 2          | 2          | 2           | 2           | 2           | 2             | 2          | 2          | 24                       |
| Bus Park                          | 1          | 1          | 1          | 1          | 1          | 1          | 1           | 1           | 1           | 1             | 1          | 1          | 12                       |
| All Other                         | <u>30</u>  | <u>30</u>  | <u>28</u>  | <u>28</u>  | <u>30</u>  | <u>30</u>  | <u>31</u>   | <u>31</u>   | <u>32</u>   | <u>32</u>     | <u>30</u>  | <u>26</u>  | <u>358</u>               |
| TOTAL                             | 240        | 229        | 226        | 302        | 244        | 226        | 230         | 242         | 239         | 247           | 265        | 260        | 2950                     |
| <u>Expenditures</u>               |            |            |            |            |            |            |             |             |             |               |            |            |                          |
| Wages and Salaries                | 150        | 155        | 160        | 170        | 175        | 175        | 180         | 175         | 135         | 140           | 150        | 150        | 1915                     |
| Travel                            | 20         | 24         | 24         | 24         | 22         | 24         | 24          | 24          | 10          | 12            | 16         | 16         | 240                      |
| Equipment                         | 25         | 30         | 35         | 35         | 50         | 35         | 20          | 15          | 5           | 15            | 15         | 10         | 290                      |
| All Other                         | <u>32</u>  | <u>35</u>  | <u>38</u>  | <u>50</u>  | <u>50</u>  | <u>50</u>  | <u>50</u>   | <u>45</u>   | <u>20</u>   | <u>35</u>     | <u>35</u>  | <u>35</u>  | <u>485</u>               |
| TOTAL                             | 227        | 244        | 257        | 279        | 297        | 284        | 274         | 259         | 180         | 202           | 216        | 211        | 2940                     |
| Ending Balance                    | 63         | 48         | 17         | 40         | (13)       | (71)       | (115)       | (132)       | (73)        | (28)          | 21         | 70         | 70                       |

op

AVAILABILITY OF FUNDS AS A MECHANISM FOR CONTROL OF  
EXPENDITURES - CONCEPT, DEFINITION, AND FACTORS

A. CONCEPT

The available balance of funds serves as a limitation on the expenditure of funds and sometimes can be utilized as a very specific control mechanism.

B. CASH FLOW PROJECTIONS AS A CONTROL MECHANISM

1. Definition

A cash flow projection is a projection of future cash receipts and cash expenditures, usually for month ends, that, taken together with a beginning cash balance, will give projections of cash balances throughout the given period.

2. Factors

A cash flow projection -- because it will project merely estimates of income and expenditures -- will usually be wrong in the event, requiring careful monitoring of actual income, expenditures, and daily balances.

Cash flow projections should, in most instances, be prepared on a monthly basis for at least a year ahead. Such projections should be updated each month -- and, under all circumstances, updated at least quarterly.

PETTY CASH FUNDS AS AN EXAMPLE OF AN EXPENDITURE RESOURCE  
ESTABLISHED AT A FIXED SIZE - DEFINITION AND FACTORS

A. DEFINITION

A petty cash fund is a fund of given size to be used for minor payments.

B. FACTORS

1. Funds are allocated by the treasurer for petty cash funds. These funds have usually been established pursuant to (1) recommendations by the concerned department heads and (2) approval by the treasurer and the finance committee.
2. Funds are disbursed to department personnel for approved purposes (e.g., transportation, minor expenditures for supplies).
3. Persons receiving funds are required to submit documentary evidence of past expenditures from the fund.
4. Replenishment of funds by the treasurer is made contingent on a review of satisfactory documentation of all disbursements from the fund.
5. Expenditures are controlled by the following.
  - o Number of funds established in the local authority
  - o Amount of funds authorized for each petty cash account
  - o Requirement for documentation of all past disbursements from the funds as the basis for replenishment
  - o Ability of the treasurer to withhold full replenishment of a given fund if overall cash availabilities are becoming tight

SECTION OF THE FINANCIAL REGULATIONS ON  
IMPREST AND PETTY CASH ACCOUNTS AND ADVANCES

H. IMPREST AND PETTY CASH ACCOUNTS AND ADVANCES

1. Establishment of Imprest Funds and Petty Cash Accounts

- a. The Treasurer shall be authorized to maintain an imprest cash account on behalf of the Council in such amount as may be required from time to time for the purpose of establishing departmental petty cash accounts and for other petty cash purposes, and the amount of such imprest account shall be approved by the Finance Committee.
- b. The Treasurer may, on request of a head of department and with approval of the Finance Committee, provide to a head of department, for the establishment of a departmental petty cash fund, a given sum from the Treasurer's imprest account not to exceed that amount determined by the Treasurer to be adequate. Such funds shall be signed for by the head of department, and proper accounting for and use of such funds shall be his personal responsibility.

2. Advances from Petty Cash Accounts

- a. The Treasurer and other heads of department may, with the written authorization of the head of department, authorize advances from departmental petty cash funds for staff members of the concerned departments, for official Council needs only, for such purposes as travel costs and allowances of members of the staff when travelling on Council business. Such advances shall be signed for and their use and repayment shall become the personal responsibility of the recipient.
- b. Advances out of departmental petty cash shall not in the case of any individual payment exceed Kenya Pounds 50.

- c. An advance for purpose of travel shall be surrendered/returned within two weeks of the completion of the trip. Failure to do so shall result in the amount of the advance being deducted from the employee's salary.
  - d. The Treasurer may, in cases of urgency or in other special circumstances and for the purposes referred to below, make payments from the Treasurer's imprest or petty cash account:
    - (1) to obtain cash discounts;
    - (2) to make other minor payments not exceeding Kenya Pounds 50; and
    - (3) to make such other urgent payments as in his judgment are necessary so long as such payments are not in violation of any of these Sections or of the Council bylaws or of any provisions of law.
3. Provisions for Control and Reimbursement of Imprest Funds and Petty Cash Accounts
- a. The Treasurer shall, if appropriate, prescribe the financial arrangements necessary to ensure the proper use of imprest accounts. Detailed instructions regarding the methods of account-keeping may be issued by the Treasurer to any imprest holder.
  - b. Vouchers for use of petty cash disbursements shall in all cases be obtained by the recipient of the disbursement and all such vouchers shall be carefully preserved and forwarded to the Treasurer by heads of department to substantiate claims for replenishment of the petty cash account at such intervals as may be arranged with the Treasurer.
  - c. All vouchers shall be certified as correct by the Clerk for the Treasurer, Council members and other heads of departments; by the Treasurer for the Clerk; and by heads of department for members of their departments.

- d. All advances of whatever type and for whatever reason shall be repaid to the Treasurer or concerned departmental petty cash account within 30 days of the making of the advance.
- e. Heads of departments shall certify the status of all department imprest or petty cash accounts in such form as the Treasurer may prescribe and as and when required by the Treasurer, and in any event as of 31st October, 31st December, 31st March and 30th June in each financial year, such reports to be submitted within five working days of these dates.

GUIDELINES AS MECHANISMS FOR CONTROL OF  
EXPENDITURES -- CONCEPTS, FACTORS, AND EXAMPLES

A. CONCEPT

A variety of logically-arrived-at guidelines can be established to assist in the management and control of expenditures.

B. FACTORS

1. Local Government or Industry Norms

a. Concept

Expenditures may be fixed at not to exceed the norm for a group of local authorities or private firms.

b. Examples

Expenditures for overtime in relation to standard time might be limited to the average of percentages reported by five similar local authorities.

Expenditures for administrative staff in the housing department might be limited to 1% of housing income, a percentage reported as the average experienced by efficient private operators of housing projects.

2. Percentage of Sales or Income

a. Concept

Expenditures may be fixed not to exceed given percentages of sales or income.

b. Examples

For council-owned restaurants, expenditures for food raw materials (e.g., fruits and vegetables, meats, etc.) are not to exceed 50% of sales revenue (this based on study showing that if food costs exceed 50% of revenues from sales of meals, the restaurant can be expected to show a deficit).

For a stone quarry, expenditures for labour and supplies are not to exceed 60% of sales revenue (for reasons similar to that given above).

3. Extent of Savings

a. Concept

At least part of the level of expenditures may be based on savings accomplished.

b. Examples

Expenditures for improvements in the slaughterhouse might be limited to savings achieved by the slaughterhouse manager in the expenditure budget for slaughterhouse operations.

More generally, a manager who is successful in holding down expenditures might be given approval for using these savings for other high priority needs in his department.

4. Percentage of Added Net Income

a. Concept

A variant on standards limiting expenditures to budgetary savings is one that may authorize expenditures for added high priority needs in an amount equal to part or all of added net revenue earned above budget.

b. Example

Added expenditures for improvement of a market place might be authorized for up to 50% of net income earned above net income budgeted.

5. Analytically Established Pre-set Standards

a. Concept

Expenditures may be fixed at not to exceed a pre-set standard established on the basis of specific analysis of relevant data.

b. Examples

Average meal costs in a local welfare institution might be held to a pre-set standard of Kshs 12 per meal.

Annual road upkeep expenditures for the council's road system might be held to an average of some given number of shillings per kilometer.

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PROCEDURAL CONTROLS OVER DISBURSEMENTS AS MECHANISMS  
FOR MANAGEMENT AND CONTROL OF EXPENDITURES -  
CONCEPT AND MECHANISMS

A. CONCEPT

Published bylaws, regulations, and procedures are extremely important mechanisms for managing and controlling expenditures.

B. MECHANISMS

1. Expenditures may be controlled by placing restrictions on who may authorize/make expenditures.
2. Expenditures may be controlled by specifying authority levels by type of expenditure and/or level of approving officer.
3. Expenditures may be controlled by specifying & requirements for (1) approval in advance by a higher
4. independent officer and/or (2) documentation of the need for the expenditures.
5. Expenditures may be controlled by requiring (1)
6. & comparative quotations and (2) competitive bidding.
7. Expenditures may be controlled by requiring physical verification that goods and services fully meet all specifications.
8. Expenditures may be controlled by requiring reconciliation of all pertinent documents before making the actual expenditures.
9. Expenditures may be controlled by requiring a post-expenditure audit of selected transactions.

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RESTRICTIONS ON WHO MAY AUTHORIZE/MAKE EXPENDITURES  
INCLUDING PROCUREMENT AND THE LIKE  
AS A MECHANISM FOR CONTROL OF EXPENDITURES -  
CONCEPT AND EXAMPLES

A. CONCEPT

Expenditures may be controlled by placing restrictions on who may authorize and who may make expenditures.

B. EXAMPLES

Only the treasurer may authorize disbursements for the weekly payroll.

Council members may neither authorize individual expenditures nor sign cheques.

AUTHORITY LEVELS BY TYPE OF EXPENDITURE AND LEVEL OF  
APPROVING OFFICER AS A MECHANISM FOR CONTROL OF EXPENDITURES -  
CONCEPT AND EXAMPLES

A. CONCEPT:

Expenditures may be controlled by specifying authority levels by type of expenditure and/or level of approving officer.

B. EXAMPLES

The actual making of expenditures (included in the approved budget) may be approved:

- o up to Kshs 500 by section heads,
- o up to Kshs 2,000 by department heads,
- o up to Kshs 10,000 by the treasurer, and
- o above Kshs 10,000 by the finance committee on the treasurer's recommendation.

Expenditures may be approved for overtime by department managers:

- o up to Kshs 150 daily for the market, and
- o up to Kshs 100 daily for the slaughterhouse.

Department heads may order works or goods of a value not exceeding Kenya Pounds 100.

SECTIONS OF THE FINANCIAL REGULATIONS  
RELATING TO MONETARY AUTHORITY LIMITATIONS

F. PROCUREMENT OF GOODS AND SERVICES

1. Purchase Orders

- .....
- g. Department heads, deputies thereto, and other persons authorized by the Treasurer to sign orders shall be authorized to order, without obtaining a quotation, works or goods of a value not exceeding Kenya Pounds 100 in any one instance and, after first securing a written quotation, works or goods of a value not exceeding Kenya Pounds 500. This limit shall not apply where the order is given under contract or agreement authorized by the Council or in the case of the following classes of expenditure:
- (i) goods for resale,
  - (ii) works of normal maintenance and repair not involving substantial reconstruction or replacement,
  - (iii) the purchase of goods and materials for routine maintenance purposes, and
  - (iv) routine office expenses.
- h. Notwithstanding the above Sections, the Treasurer may authorize the purchase of goods and materials to such an extent and in such manner as is considered necessary for the efficient operation of any department provided that:
- (1) this procedure shall be followed only where compliance with the normal provisions of these Sections would be administratively difficult or would be likely to result in the goods or materials being obtained on less favourable terms and conditions, and
  - (2) this procedure shall not apply to the purchase of plant, vehicles, machinery or equipment of value in excess of Kenyan Pounds 200.

.....

2. Competitive Bidding

- a. Competitive quotations from at least three suppliers shall be obtained wherever appropriate and in any case before placing orders of a value estimated as in excess of Kenya Pounds 500.

3. Contracts

- a. Contracts shall be entered into for all works and services in excess of Kenya Pounds 500 carried out by other than Council personnel.

....

- n. On the completion of new works of a cost exceeding Kenya Pounds 100 and of maintenance works exceeding Kenya Pounds 500, the Engineer, Clerk or other authorized person, jointly with the Treasurer, shall report to the appropriate committee and the Finance Committee the details of the final cost as compared with the accepted tender for the work and the provision made therefor in the approved Estimates or Council Minute.

G. EXPENDITURES

1. General

....

- i. All Council cheques shall be signed by the Treasurer or, in his absence, by his deputy, and countersigned by the Clerk, his deputy, or other authorized person.

....

3. Authority for and Advance Approval of Expenditure

- a. Heads of departments when submitting to committees reports recommending expenditure shall state therein whether or not such expenditure has been provided for in the annual Estimates. In the case of any proposed expenditure exceeding Kenya Pounds 50 not specifically identified in the annual Estimates, the Treasurer shall certify to the appropriate Committee whether or not such expenditure has been provided for in the approved budget.

....

4. Expenditures in Excess of Estimates

....

- b. Whenever an excess of expenditure under any estimate is anticipated of 10% or Kenya Pounds 500, whichever shall be less, a supplementary estimate shall be submitted to the Finance Committee by the appropriate Committee along with the evaluation and recommendation of the Treasurer. No such expenditure shall be incurred until such supplementary estimate has been approved by the Finance Committee and the Ministry.

....

6. Capital Expenditures

- a. Minor works up to a value less than Kenya Pounds 500 may be considered by an appropriate committee without the necessity of submitting detailed designs and estimates.
- b. Before an appropriate committee shall incur any capital expenditure (other than expenditure under continuing contracts and for maintenance of existing works) or recommend an application for borrowing powers of an amount of Kenya Pounds 500 or more, the Committee shall receive and consider a report from the appropriate head of department giving:
  - (1) the object and description of the proposed works or scheme;
  - (2)-(9) etc.

H. IMPREST AND PETTY CASH ACCOUNTS AND ADVANCES

....

2. Advances From Petty Cash Accounts

....

- b. Advances out of departmental petty cash shall not in the case of any individual payment exceed Kenya Pounds 50.

....

- d. The Treasurer may, in cases of urgency or in other special circumstances and for the purposes referred to below, make payments from the Treasurer's imprest or petty cash account:
  - (1) to obtain cash discounts;
  - (2) to make other minor payments not exceeding Kenya Pounds 50; and
  - (3) to make such other urgent payments as in his judgment are necessary so long as such payments are not in violation of any of these Sections or of the Council bylaws or of any provisions of law.

J. STORES, INVENTORIES, AND SURPLUS ASSET DISPOSAL

....

3. Surplus Asset Disposal

....

- c. Where the value is estimated at Kenya Pounds 250 or greater, the disposal shall be by tender or auction unless it can be shown that if this is done there will be financial loss to the Council as compared with other alternatives, etc.

L. RENEWALS FUNDS (DEPRECIATION)

....

- 4. No sum shall be allocated from any renewals fund except upon the authority of the Finance Committee after considering recommendations from the Treasurer and appropriate committee of the Council, provided that replacement of small items of equipment costing Kenya Pounds 500 or less may be made by the head of department concerned with the concurrence of the Treasurer if the sum provided for that purpose in the appropriate renewals fund together with the proceeds of the sale of the equipment to be replaced are sufficient to meet the cost of replacement.

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REQUIREMENTS FOR APPROVAL IN ADVANCE AND FOR DOCUMENTATION  
OF NEED FOR EXPENDITURES AS MECHANISMS  
FOR CONTROL OF EXPENDITURES - CONCEPT AND EXAMPLES

A. CONCEPT:

Expenditures may be controlled by specifying requirements for (1) approval in advance by a higher or independent officer and/or (2) documentation of the need for the expenditure.

B. EXAMPLES

Needs for expenditure for upkeep of facilities must be described in writing by the market manager, and expenditures for them approved in advance by the treasurer.

Requests for transportation and travel by subordinate employees must be justified in writing and approved in advance by the department head.

Requests for approval of expenditures for travel must be accompanied by a description of (1) the purposes of the travel, (2) the advantages expected to accrue to the local authority, (3) the itinerary, (4) the time schedule, and (5) the estimated costs.

Requests for approval of allocations of council resources -- e.g., money, staff, supplies, and/or major equipment -- for major repair of roads must be accompanied by written identification of the road segments, description of existing conditions, etc.

COMPARATIVE QUOTATIONS AND COMPETITIVE BIDDING AS  
MECHANISMS FOR CONTROL OF EXPENDITURES - CONCEPTS AND EXAMPLES

A. COMPARATIVE QUOTATIONS

1. Concept:

Expenditures may be controlled by requiring that prior to giving approval for certain types of expenditures, some given minimum number of price and delivery quotations be secured -- and, possibly, the proposed purchase be publicly advertised.

2. Example

Bulk purchases of office supplies require securing at least three quotations of which at least one must be invited from a local supplier (if any exists).

B. COMPETITIVE BIDDING

1. Concept

Expenditures may be controlled by requiring a formal process of competitive bidding.

2. Example

Procurement of vehicles must be undertaken on the basis of Requests For Bids based on invitations -- accompanied by provision of written specifications -- to at least three suppliers of different makes.

PHYSICAL VERIFICATION OF RECEIPT OF GOODS AND SERVICES  
AS A MECHANISM FOR CONTROL OF EXPENDITURES -  
CONCEPT AND EXAMPLES

A. CONCEPT

Expenditures may be controlled by requiring that the provision of goods and services to the local authority be physically verified by a specified responsible local authority officer.

B. EXAMPLES

Regardless of who has ordered and received supplies and equipment intended for maintenance of capital items or for capital development, the town engineer must physically inspect, and certify to the suitability of, any such capital item provided to the local authority.

Prior to payment for any office supplies and equipment, the stores officer must physically inspect the item for full conformance with all specifications and to ensure that no damage has occurred.

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RECONCILIATION OF DOCUMENTS  
AS A MECHANISM FOR CONTROL OF EXPENDITURES -  
CONCEPT AND EXAMPLE

A. CONCEPT

Expenditures may be controlled by requiring reconciliation of all pertinent documents to verify appropriateness of payment for procurement of goods or services.

B. EXAMPLE

Prior to payment of any invoice, the accounts payable staff must secure and compare copies of:

- o the original budget provision,
- o the purchase order,
- o the delivery receipt, and
- o the inspection certificate of the town engineer or stores officer or department head,

to ensure proper funding approval, conformance to specifications, and satisfactory condition of delivered item.

POST-EXPENDITURE AUDIT  
AS A MECHANISM FOR CONTROL OF EXPENDITURES -  
CONCEPT AND EXAMPLES

A. CONCEPT

Expenditures may be controlled by requiring a post-expenditure audit (1) of the physical receipt of goods or completion of projects or (2) of transaction documents.

B. EXAMPLES OF AUDITS OF PHYSICAL RECEIPT OF GOODS OR COMPLETION OF PROJECTS

The internal auditor may check physically for the whereabouts of the twelve new chairs reported as procured during the preceding quarter.

The MLG inspector may verify the satisfactory erection of the 32 housing units included in the estate project reported by the council as completed the previous year.

C. EXAMPLES OF AUDITS OF TRANSACTION DOCUMENTS

The internal auditor may audit (1) cancelled checks against schedules of payments authorized by, or reported after the fact to, the finance committee, (2) payments of invoices against invoiced amounts and against pre-purchase expenditure approvals, (3) etc.

Staff of the Office of the Controller and Auditor General may audit payments to the Local Government Loan Authority against amounts due the LGLA under the terms of the loan agreements.

PROMPT REPORTING AND ANALYSIS AS A MECHANISM  
FOR CONTROL OF EXPENDITURES – CONCEPT AND FACTORS

A. CONCEPT

Prompt reporting and analysis of results is an essential mechanism for controlling expenditures.

B. FACTORS

Reporting on Monetary Expenditures versus Standards

In the case of budgets, this involves (1) prompt reporting on expenditures against the approved budget, (2) analysis of actual results versus budget, and (3) reporting on variances to those in a position to take corrective action.

Reporting on Physical Results versus Standards

In the case of procurement of goods, this involves prompt reporting (1) on deficiencies in the quality or quantity of goods supplied versus specifications and (2) on variances versus price or delivery terms.

POSITIVE MOTIVATIONS AND THE IMPOSITION OF PENALTIES AS  
MECHANISMS FOR THE MANAGEMENT AND CONTROL OF EXPENDITURES -  
CONCEPT, FACTORS, AND EXAMPLES

A. CONCEPT

In addition to other more objective and/or procedural approaches and mechanisms, reliance in managing and controlling expenditures must be placed both (1) on personal traits, positive leadership, and a system of rewards for good performance and (2) on penalties and punishments. Indeed, the primary behavioural stimuli for proper management and control of expenditures include both positive and negative motivations.

B. FACTORS

1. Positive Motivations

- a. Personal traits, e.g.:
  - o Sense of professionalism - duty - honor
  - o Sense of goodwill and good cheer toward others, and wishing the best for them --- including those in one's own organization and the members of the team of which one is a part
  - o Sense of honesty
- b. Satisfaction gained from work well done
- c. Leadership stimulation of employees by example
- d. Support by leadership to staff
- e. Recognition
- f. Desire for reward (advancement, higher pay, housing)
- g. Discussion of performance
- h. Transfer --- or even promotion -- to a more suitable position

2. Negative Motivations

- a. Reprimands -- oral and written
- b. Warnings -- oral and written
- c. Reimbursement of funds misused
- d. Leave without pay
- e. Deduction of pay of staff
- f. Demotion
- g. Termination
- h. Court processes including fines and/or imprisonment

3. Factors Deterring Effective Use of Penalties

- a. Political influence (including nepotism) protecting malefactors
- b. Corruption
- c. Difficulty in proving inadequate performance or guilt
- d. Sympathy based on previous service or family situation or the like
- e. Complacency and inertia, i.e., too ready acceptance by superiors and others of the imperfections of the "system" and the people who are part of its operation
- f. Etc.

WORKSHOP EXERCISE --  
SECTIONS OF THE FINANCIAL REGULATIONS RELATING TO  
PROCUREMENT OF GOODS AND SERVICES AND TO EXPENDITURES

Please review the attached language from the new Financial Regulations. This update was prepared after review of existing Financial Regulations adopted by several councils and with the benefit of the views of a number of clerks and treasurers expressed at a workshop organized for this specific purpose.

Please be prepared to state any major conclusions you may have as to the effectiveness of these updated Financial Regulations and how they might be strengthened in future revisions.

F. PROCUREMENT OF GOODS & SERVICES

1. Purchase Orders

- a. Orders for all goods and services to be supplied to the Council shall be issued on official forms.
- b. Official orders for any department shall be signed by the head of department concerned or his deputy and countersigned by the Treasurer or his deputy.
- c. Where, as a matter of urgency, it is found necessary to give a verbal order for goods or services required, such verbal order shall be confirmed by a written official order prepared on the same day.
- d. No other order than as prescribed above shall be recognized by the Council, and payment of the charges for any such unauthorized order or improper orders shall be the responsibility of the person placing the order.
- e. Orders shall clearly show the quantity and terms of the order in relation to description, packing, and, wherever practicable, estimated price, discount available, and delivery timing and other conditions to enable invoices when received to be checked against such orders. Orders issued against contracts or special quotations shall contain a reference thereto. Copies of orders shall, unless otherwise agreed with the Treasurer, show a reference to the account to be charged and the Minute or other approval (if any) authorizing the expenditure.
- f. Copies of all orders shall be sent to the Treasurer at the time of issue and shall not await the receipt of the goods or services or the scheduling of accounts for payment.
- g. Department heads, deputies thereto, and other persons authorized by the Treasurer to sign orders shall be authorized to order, without obtaining a quotation, works or goods of a value not exceeding Kenya Pounds 100 in any one instance and, after first securing a written quotation, works or goods of a value not exceeding Kenya Pounds 500. This

limit shall not apply where the order is given under contract or agreement authorized by the Council or in the case of the following classes of expenditure:

- (i) goods for resale,
  - (ii) works of normal maintenance and repair not involving substantial reconstruction or replacement,
  - (iii) the purchase of goods and materials for routine maintenance purposes, and
  - (iv) routine office expenses.
- h. Notwithstanding the above Sections, the Treasurer may authorize the purchase of goods and materials to such an extent and in such manner as is considered necessary for the efficient operation of any department provided that:
- (1) this procedure shall be followed only where compliance with the normal provisions of these Sections would be administratively difficult or would be likely to result in the goods or materials being obtained on less favourable terms and conditions, and
  - (2) this procedure shall not apply to the purchase of plant, vehicles, machinery or equipment of value in excess of Kenyan Pounds 200.
- j. It shall be the duty of the Treasurer to ensure that all invoices as represented by official orders are regularly obtained and forwarded to the head of department for certification before payment can be completed.

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2. Competitive Bidding

- a. Competitive quotations from at least three suppliers shall be obtained wherever appropriate and in any case before placing orders of a value estimated as in excess of Kenya Pounds 500.

3. Contracts

- a. Contracts shall be entered into for all works and services in excess of Kenya Pounds 500 carried out by other than Council personnel.
- b. In such cases, a notice calling for tenders shall be published. A copy of the notice calling for tenders shall also be displayed outside the Council offices and on any suitable notice board in the Council's locality.
- c. Willing tenderers shall be instructed to submit their quotations by registered post in plain sealed envelopes to the Clerk or Treasurer as may be appropriate. The envelopes shall be date-stamped immediately on receipt and shall be initialed by the Clerk or Treasurer or another person authorized by one or the other of them to do so.
- d. All tenders shall be opened at one time at a meeting of the Finance Committee at which they are to be considered, or at a meeting of a sub-committee that may be appointed by the Finance Committee for that purpose.
- e. All contracts and agreements shall be made on forms specified by the Clerk, and the relevant general conditions of the contract for the agreed works shall be clearly identified on those forms.
- f. The Clerk shall keep a register of contracts. The Clerk shall notify the Treasurer as soon as contract documents are completed and shall make the contract documents and accepted tenders available to him for inspection as the Treasurer may require.

- g. The Treasurer may, at his discretion, withhold payment of any sums purported to be due to contractors, firms or persons until he is satisfied that these Financial Regulations and the terms of the contract have been complied with.
- h. Deposits to be paid by prospective tenderers to whom plans, specifications, bills of quantities and forms of tender are supplied shall be paid to the Treasurer. Such deposits shall not be repaid until the Clerk indicates that a bona fide tender has been received and the documents have been returned by the prospective supplier.
- i. All contract payments for construction shall be made on the authority of a certificate signed by the Engineer, Clerk or other authorized person.
- j. Every variation, addition to, or omission from a contract shall be specifically authorized in writing by the Council and shall be notified in writing to the contractor by the Clerk specifying the individual rates of charges and the total cost or in the case of measured work the estimated cost and the basis of charge. A copy of each such notification shall be provided to the Treasurer.
- k. Variation orders shall not be issued for a value exceeding the sum included for contingencies in the contract without the prior approval of the Finance Committee granted on the basis of recommendations of the Treasurer and the appropriate committee.
- l. In every case, before the Engineer, Clerk or other authorized person issues a final certificate of payment under a contract, the Treasurer shall examine the contractor's final account, together with such other relevant documents as he may consider necessary. The Engineer, Clerk or other authorized person shall notify the Treasurer in writing of satisfactory completion of the maintenance period under a contract so that retention money if any may be released.

- m. Where contracts entered into by the Council are supervised and managed by persons other than the Council's own officers, the agreement with the person having control of the works shall provide that he shall submit to the Council's officers for inspection all accounts, vouchers and documents, and any other documents which may be issued, nor shall the balance of such contract be paid until the Treasurer (with the assistance of any other officer necessary) has examined the accounts, vouchers and documents. The agreement shall also provide that the Council may retain all such accounts, vouchers, and documents until after the Council's accounts have been audited by the Council's internal audit section, any Ministry of Local Government Inspectors, and the Controller and Auditor General. The Treasurer may waive this latter requirement if in his judgement this is necessary but shall advise the Finance Committee of the circumstances for and justification of the waiver.
- n. On the completion of new works of a cost exceeding Kenya Pounds 100 and of maintenance works exceeding Kenya Pounds 500, the Engineer, Clerk or other authorized person jointly with the Treasurer shall report to the appropriate committee and the Finance Committee the details of the final cost as compared with the accepted tender for the work and the provision made therefor in the approved Estimates or Council Minute.
- o. The requirements of these Financial Regulations regarding proposals for expenditure and the requirements of Section 143 and Obligatory Standing Orders 31 to 38 of Part 1 of the Second Schedule of The Local Government Act, Chapter 265, Revised 1978, shall be observed in respect to contracts.

G. EXPENDITURES

1. General

- a. Accounts or invoices shall be sent by tradesmen to the Treasurer's department and should quote the official purchase order number. The purchase order number shall be marked on the invoice by the ordering department if it is not otherwise stated thereon. No invoice shall be paid except where an official purchase order has been issued except as provided in Section F-1-c.
- b. The department issuing the order shall be responsible in the first instance for the examination and verification of the invoice for the goods or services delivered.
- c. Every invoice submitted for payment shall be certified by the head of department or his authorized deputy and shall have indicated thereon:
  - (1) the name of the account against which the invoice is charged; and
  - (2) where appropriate, the Minute or other authorization for the expenditure.
- d. The certification of an invoice by a head of department shall mean, as applicable, and unless otherwise stated:
  - (1) that the goods have been duly received, examined and approved and are in accordance with the specifications and are satisfactory, and that the prices are in accordance with the contract or quotation;
  - (2) that the work done or services rendered have been satisfactorily carried out, that as applicable the materials used are of the requisite standard, and that the charges are correct and in accordance with the contract or estimate;

- (3) that the invoice is arithmetically correct; and
  - (4) that any item on the invoice that is permanent property whether movable or immovable, has been entered in the Council and/or departmental stores records.
- e. All invoices duly certified by the appropriate head of department, and all certificates for payments under contracts, shall be delivered to the Treasurer as required by him.
  - f. The Treasurer shall have such invoices and certificates examined and impose such checks as he may think desirable thereon and shall compare them where appropriate with the Minutes, contracts, accepted tenders, or other authorization. If at any time such invoices or certificates under contracts exceed the amount authorized by the appropriate committee, by the Finance Committee, and/or by the Council, the Treasurer shall refer such invoice or certificate back to the head of department who shall submit a report to the appropriate Committee concerned. Such committee shall bring its recommendations to the Finance Committee.
  - g. The Treasurer shall satisfy himself that effective systems exist with all necessary safeguards by way of internal checks for dealing with invoices for payments in the several departments. The Treasurer is hereby empowered to give directions to secure the effective remedying of any faults.
  - h. If at any time any invoices or certificates sent to the Treasurer for payment do not comply with these Regulations, the Treasurer may withhold payment until he has received instructions of the Finance Committee thereon.

- i. All Council cheques shall be signed by the Treasurer or, in his absence, by his deputy, and countersigned by the Clerk, his deputy or other authorized person.
- j. All paid invoices and certificates shall be retained by the Treasurer for a period of at least three years after the audit certificate has been issued.

### Overdue Billings

- a. If on advice from the Treasurer it appears that an invoice has not been received within one month after the expiration of the month in which the goods were delivered, the services rendered, or the work completed, the creditor shall be requested by the department giving the order to render an invoice forthwith.

### 3. Authority For and Advance Approval of Expenditure

- a. Heads of departments when submitting to committees reports recommending expenditure shall state therein whether or not such expenditure has been provided for in the annual Estimates. In the case of any proposed expenditure exceeding Kenya Pounds 50 not specifically identified in the annual Estimates, the Treasurer shall certify to the appropriate committee whether or not such expenditure has been provided for in the approved budget.
- b. No expenditure under the annual Estimates or supplementary estimates shall be incurred until such estimates or supplementary estimates have been passed by the Council and approved by the Minister except that if the annual Estimates (budget) is not approved by the Minister before the commencement of the financial year for which such (Estimates) budget is prepared, the Council may by resolution authorize expenditure, as provided in Section 214 (2) of the Local Government Act, Chapter 265, Revised 1978.

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- c. The authority for expenditure conveyed by Estimates or supplementary estimates shall lapse at the end of the financial year irrespective of the source from which the funds concerned will be obtained except that funds for development projects shall continue to be available for expenditure in respect of ongoing projects budgeted for and approved by the Ministry.

4. Expenditures in Excess of Estimates

- a. The head of a department when submitting to a committee an estimate of expenditures shall call the attention of the committee to any feature or item therein which is expected to cause an increase in expenditure beyond what has previously been approved for similar works or proposals or which is of an exceptional character.
- b. Whenever an excess of expenditure under any estimate is anticipated of 10% or Kenya Pounds 500, whichever shall be less, a supplementary estimate shall be submitted to the Finance Committee by the appropriate committee along with the evaluation and recommendation of the Treasurer. No such expenditure shall be incurred until such supplementary estimate has been approved by the Finance Committee and the Ministry.
- c. In order that such a supplementary estimate may be put forward as early as possible, it shall be the duty of every officer responsible for the supervision of expenditures to inform both the committee under which he serves and the Treasurer whenever an excess expenditure is to be anticipated on sums appropriated under any estimate from any cause.
- d. Except as provided in Section G-4-c below, no proposal shall be submitted to the Council involving expenditure during the financial year unless provision for such expenditure is made in whole or in part in the Estimates, or unless the case is one of emergency which the Council shall

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determine upon a report from the committee concerned, or unless the case is one in which the Council is under a clear obligation to proceed. In respect of any such expenditure for which provision is not made wholly or in part in the current budget, a special estimate shall be forwarded to the Finance Committee by the appropriate committee for approval by the Council.

- e. By arrangement with the Finance Committee the purposes of any item in the estimates of a committee may be varied or enlarged to meet expenditure on any object of a nature similar or analogous to that for which the estimate provides, provided that such variation or enlargement will not cause the overall estimate for the general category of expenditures concerned to be exceeded. By arrangement with the Finance Committee any saving on an amount appropriated under any estimate for one purpose may be applied to meet an excess on an amount appropriated for another similar or analogous purpose, and no supplementary estimate shall in that case be necessary. The Finance Committee shall report to the Council any modifications in the expenditure budget made under this Section.

#### 5. Reports on Expenditures

- a. The Treasurer shall be responsible for preparing a schedule of the accounts and shall report to the Finance Committee all expenditures incurred since the previous meeting of the Finance Committee.
- b. Every head of department shall be responsible for maintaining a departmental vote book.

#### 6. Capital Expenditures

- a. Minor works up to a value less than Kenya Pounds 500 may be considered by an appropriate Committee without the necessity of submitting detailed designs and estimates.

- b. Before an appropriate committee shall incur any capital expenditure (other than expenditure under continuing contracts and for maintenance of existing works) or recommend an application for borrowing powers of an amount of Kenya Pounds 500 or more, the committee shall receive and consider a report from the appropriate head of department giving:
- (1) the object and description of the proposed works or scheme;
  - (2) the existing works or state of affairs;
  - (3) the works or equipment (if any) to be superseded;
  - (4) a detailed estimate of capital costs;
  - (5) the annual charges for interest and amortization;
  - (6) the annual charges to be incorporated in the recurrent budget for operation and maintenance;
  - (7) the probable gross and net income (if any) that will accrue from the proposed capital outlay;
  - (8) the proposed method of financing of both the initial capital cost and the ongoing amortization costs and recurrent maintenance and operating expenditures; and
  - (9) any other information judged relevant.

The report of the head of department, copies of which shall be submitted to the Clerk and the Treasurer at least three days prior to the meeting of the appropriate committee, shall as far as possible deal with the whole scheme and not leave any consequential part to be dealt with later. Where appropriate, the concerned committee shall also consider a report from the Treasurer on the financial and economic aspects and from the Engineer or other technical officer on the technical aspects of proposals submitted.

- c. Committees other than the Finance Committee shall not be empowered to recommend capital expenditures directly to Council. Such expenditures shall only be incurred as a result of an appropriate committee making a recommendation to the Finance Committee. A written statement of a committee's proposals incorporating the information specified in regulation G-6-b and a report from the Treasurer on any financial and economic considerations that he thinks ought to be brought to the notice of the Finance Committee shall be submitted to the Finance Committee.
- d. The Finance Committee shall consider the financial implications of the proposals received from the appropriate committees. As soon as possible after receiving all the information it requires, the Finance Committee shall report thereon to the Council. The Finance Committee's report shall specify whether the expenditure is subject to loan sanctions being received.
- e. Capital expenditure shall not be incurred until approved and authorized by Council. Where capital expenditures are to be met from borrowed money, contracts shall not be placed nor any expenditure incurred other than for preliminary planning until the necessary consents have been received from the appropriate Ministries.
- f. Where applicable, committees shall comply with the tender procedure in force and nothing in this section shall be construed as overriding that procedure.
- g. Committees and heads of department shall make every effort to ensure that projects approved by them can be carried out within the available financial provisions.

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- h. If and when it becomes apparent that the estimated cost of any capital project approved by the Council in accordance with these regulations will be exceeded, it shall be the duty of the head of department after consultation with the Treasurer to report the matter to the appropriate committee. Such committee shall submit a further report to the Finance Committee for approval of the excess expenditure. The Finance Committee shall submit its report on the estimated excess expenditure to the Council for its approval.
- i. As soon as possible following the completion of any capital scheme, a written report thereon shall be made to the appropriate committee by the head of department together with a report by the Treasurer who shall supply or verify the details of cost included in the head of department's report.

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WORKSHOP EXERCISE -- BACK-HOME PROGRAMS TO IMPROVE THE  
MANAGEMENT AND CONTROL OF EXPENDITURES IN  
PARTICIPANTS' LOCAL AUTHORITIES

Please group yourselves into teams composed of the participants from each local authority. Please then develop and record below the program of actions to better manage and control expenditures that your team feels should be taken within your local authority when you return home.

Be specific about steps to be taken and also be specific about the activity areas to which they will apply (e.g., wages and salaries, or parks/recreation); please do not simply repeat the broad concepts and approaches described in this workshop.

The following outline may be helpful. However, your team should feel free to adopt a different approach and format if you wish.

Finally, the language utilized in the format below may appear to imply a lengthy report and a lot of detail. This, will of course not be feasible. What is desired is that you be as specific as possible in regard to actually-identified expenditure areas -- but only as may be practicable within the time available for this exercise.

Local Authority: \_\_\_\_\_

1. What do you intend to do to better apply the four major steps involved in managing and controlling expenditures?
  - a. Step One: Set improved standards or performance objectives for controlling expenditures? (Be specific about what expenditure areas.)

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- b. Step Two: Better measure and record actual performance in controlling expenditures? (Be specific about what expenditure areas.)

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- c. Step Three: Better analyze variances and communicate results achieved in controlling expenditures? (Be specific about what expenditure areas.)

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- d. Step Four: Take improved corrective actions to bring expenditures back in line with performance standards? (Be specific about what expenditure areas.)

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2. What do you intend to do to improve management and control of expenditures by the following expenditure categories?

a. Expenditures by type-of-expenditure or line items?  
(Mention line items principally affected.)

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b. Expenditures by individual departments and major programs? (Mention departments principally affected.)

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- c. Expenditure management and control by organizational level? (Be specific by organizational level.)

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- 3. What do you intend to do to improve mechanisms and other means for management and control of expenditures by the following areas?

- a. Budget mechanisms? (Be specific about what steps.)

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b. Fund availabilities? (Be specific about what steps.)

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c. Guidelines? (Be specific about what guidelines or types of guidelines.)

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d. Procedural controls over disbursements? (Be specific about what steps)

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e. Prompt reporting and analysis? (Be specific about exactly what you will really try to do.)

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f. Positive and negative motivations and imposition of penalties? (Be as specific as possible about what you would hope to do here.)

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WORKSHOP EXERCISE -  
STEPS THAT MIGHT BE TAKEN BY CENTRAL AND  
PROVINCIAL GOVERNMENT OFFICIALS TO ASSIST LOCAL AUTHORITIES IN  
BETTER MANAGING AND CONTROLLING THEIR EXPENDITURES

Please develop and record below the program of actions that you (the team of central government participants) feel should be taken by the central government and its agencies, and by provincial governments, to assist in improving management and control of expenditures by local authorities. Please feel free to use a modified, or entirely different, format, if you prefer.

1. What improvements can be attempted in central government laws, regulations, circulars, and other formal, written policy and procedural instructions and guidance (relating to management and control of expenditures)?

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2. What improvements can be made in the handling and processing by the central government agencies of submissions for approval, requests for assistance, and the like made by local authorities (thoroughness, timeliness, etc.) (relating to management and control of expenditures)?

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3. What improvements can be made in direct interactions of and support provided by (1) central and provincial government staff members to (2) councillors and staff of local authorities (relating to management and control of expenditures)?

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4. What can local authorities do that will help central and provincial governments to do a better job in assisting local authorities in management and control of their expenditures?

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5. What improvements should be considered in organization and staffing of the Ministry of Local Government, other central government agencies, and provincial governments that will facilitate assistance to local authorities in management and control of expenditures?

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6. What improvements can be made in data provided by the central and provincial governments to local authorities that will assist the latter in management and control of expenditures?

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7. Are there any other improvements relating to the central and provincial governments and to interfaces with local authorities not already covered above that can be made to assist the latter in management and control of expenditures?

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EVALUATION OF WORKSHOP

A. To what extent did this workshop fulfill the initially stated goals? Rate on a scale of 1 to 10 from: 1 = not at all effective to 10 = very effective (circle the appropriate number).

1. To impart new knowledge regarding the importance of -- and the means for -- managing and controlling the recurrent and capital expenditures of local authorities.

1      2      3      4      5      6      7      8      9      10

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Not at all effective Very effective

2. To develop new skills regarding practical ways of identifying expenditure areas needing greater attention and of establishing guidelines, measuring performance, evaluating results, and taking corrective measures to manage and control expenditures better.

1      2      3      4      5      6      7      8      9      10

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Not at all effective Very effective

3. To develop attitudes and increase motivation on the part of workshop participants to provide for better management of and control over expenditures in their local authorities.

1      2      3      4      5      6      7      8      9      10

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Not at all effective Very effective

B. How would you rate the training approach in terms of its overall effectiveness?

1    2    3    4    5    6    7    8    9    10

Not at  
all effective

Very  
effective

C. Following is a list of topics that were addressed in the workshop. For each topic, please rate on a scale of 1 (lowest) to 10 (highest) (1) the importance of the topic, and its usefulness to you and (2) the effectiveness of the presentation/discussion.

| <u>TOPICS</u>  | <u>IMPORTANCE AND USEFULNESS OF TOPIC</u> | <u>EFFECTIVENESS OF PRESENTATION/DISCUSSION</u> |
|--|---|---|
| 1. Common Expenditure Categories in Local Authorities                              | _____                                     | _____   |
| 2. Criteria for Determining Difficulty in Managing and Controlling of Expenditures | _____                                     | _____   |
| 3. Expenditure Management and Control Systems                                      | _____                                     | _____   |
| 4. Steps in Managing and Controlling Expenditures                                  | _____                                     | _____   |
| a. Set Standards or Performance Objectives   | _____                                     | _____   |
| b. Measure and Record Performance  | _____                                     | _____   |
| c. Analyze and Communicate Results   | _____                                     | _____   |
| d. Take Corrective Actions   | _____                                     | _____   |

| <u>TOPICS</u>   | <u>IMPORTANCE<br/>AND USEFUL-<br/>NESS OF TOPIC</u> | <u>EFFECTIVENESS<br/>OF PRESENTATION/<br/>DISCUSSION</u> |   |   |   |   |   |                    |    |
|---|---|--|---|---|---|---|---|--------------------|----|
| 5. Expenditure Controls and Corrective Actions regarding:         |   |  |   |   |   |   |   |                    |    |
| a. Type-of-Expenditure or Line-Item Categories                    | _____   | _____  |   |   |   |   |   |                    |    |
| b. Departments/ Major Programs                                    | _____   | _____  |   |   |   |   |   |                    |    |
| c. Organizational Levels  | _____   | _____  |   |   |   |   |   |                    |    |
| 6. Mechanisms for Management and Control of Expenditures          |   |  |   |   |   |   |   |                    |    |
| a. Budget Mechanisms  | _____   | _____  |   |   |   |   |   |                    |    |
| b. Fund Availabilities  | _____   | _____  |   |   |   |   |   |                    |    |
| c. Guidelines   | _____   | _____  |   |   |   |   |   |                    |    |
| d. Procedural Controls  | _____   | _____  |   |   |   |   |   |                    |    |
| e. Prompt Reporting and Analysis                                  | _____   | _____  |   |   |   |   |   |                    |    |
| f. Motivations and Penalties                                      | _____   | _____  |   |   |   |   |   |                    |    |
| D. What is your evaluation of the small group workshop exercises? |   |  |   |   |   |   |   |                    |    |
| 1   | 2   | 3  | 4 | 5 | 6 | 7 | 8 | 9                  | 10 |
| Little Value  |   |  |   |   |   |   |   | Extremely Valuable |    |

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E. What is your evaluation of the final workshop exercise to develop "back-home" programs of action for local authorities and the central government team?

1    2    3    4    5    6    7    8    9    10

Little  
Value

Extremely  
Valuable

F. What did you like best at the workshop?

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G. What did you like least?

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H. What changes could have been made to increase the workshop's effectiveness and your learning?

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I. How would you judge the overall value of the workshop in relationship to other workshops you have attended (check one)?

More Valuable \_\_\_\_\_  
About the Same \_\_\_\_\_  
Less Valuable \_\_\_\_\_

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J. Regarding the length of the workshop, was it:

Too Short? \_\_\_\_\_  
About Right? \_\_\_\_\_  
Too Long? \_\_\_\_\_

K. Would you like to attend the fourth and final Financial Management workshop planned in this series (i.e., on Planning, Organizing, Staffing, Leading, and Controlling?)

Yes \_\_\_\_\_

No \_\_\_\_\_

L. Please use this space for any added comments.

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