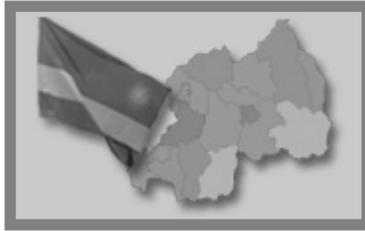




MINALOC



RWANDA FISCAL DECENTRALIZATION PROJECT

MINISTRY OF LOCAL GOVERNMENT COMMUNITY DEVELOPMENT AND SOCIAL LOCAL AFFAIRS

BUDGET MANAGEMENT TRAINING GUIDE FOR LOCAL GOVERNMENTS IN RWANDA

August 2004

ARD, Inc.
159 Bank St., Ste. 300
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Task Order No. 805
Under USAID Contract No. AEP-1-00-00-00016-00
Governance – Decentralization, Participatory Government and Public
Management Indefinite Quantity Contract



This manual was financed by the USAID/Rwanda Fiscal Decentralization Project (FDP) under USAID Contract No: AEP-I-805-00-00016-00. It is being implemented by ARD, Inc., PO Box 1397, Burlington, Vermont 05402, USA. Telephone: (802) 658-3890

The USAID/ARD Fiscal Decentralization Project is helping the Government of Rwanda to devolve services to local governments. It provides policy and technical assistance to insure that local governments can raise adequate resources, manage and account for their revenues, and efficiently provide local services that respond to the needs of the community.

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1. Introduction

The Rwandan National Decentralization Policy, officially adopted in May 2000, sets out a course on which citizens, through elected organs at the local level, can gain access to decisions that affect them and participate in civic affairs. The general objective of this policy is to provide adequate resources to fulfill local service responsibilities.

Under the VISION 2020 planning and visioning exercise, the Government of Rwanda (GoR) has started a process of transferring political, administrative, financial management, and planning responsibilities to local governments. To successfully implement this, the GoR has been receiving support from many organizations.

The ARD/FDP Rwanda Fiscal Decentralization Project (FDP), under USAID Contract Number AEP-I-805-00-00016-00, is supporting activities that contribute to fiscal decentralization in Rwanda. FDP provides policy and technical assistance to ensure that local governments can operate financial management systems transparently, manage and account for their revenues, and efficiently provide local services that respond to the needs of the community. The FDP's key partner is MINALOC.

This document is a training manual on budget management at the local level. It is based on the "Financial Management and Accounting Procedures Manual for Local Administration in Rwanda," which was approved by Ministerial Decree # 04/2004 on May 1, 2004. It specifically focuses on the solid understanding of main budgeting concepts and budget evaluation.

1.1 Introductory Budget Concepts

Definition

A *budget* is a detailed political program for the mobilization and use of resources that are forecasted and expected to be available in a financial year.

Budgeting is the planning and control function ensuring that resources are available and employed to support the achievement of the government's objectives.

It is also important to define other types of budget that apply to local financial management

Investment Budget

The *investment budget* is the portion of the budget that comes from external donations, grants, debts, specific government transfers, and certain local resources. Expenditures are exclusively for capital investment, development projects, construction, etc., and they cannot support salaries or other types of recurrent expenditures.

Ordinary Budget

The *ordinary budget* is the portion of the budget that comes from internal revenue and resource generation, government transfers, and donations. The expenditures include any kind of recurrent expenses, salaries, operational costs, etc. There can be no transfers from the investment budget to the ordinary budget, but it is possible that budget excess from the ordinary budget can be transferred to the investment budget.

Budget Distribution

Article 27 of Law 33/2003 of June 9, 2003

Law n°17/2002 of October 5, 2002, establishing the source of revenue for districts or towns and its management, is completed by **Articles 73 bis** and **73 ter**, worded as follows:

“As regards the use of the finances of the district or town, their budget shall be used as follows:

- a) An amount not exceeding 30% of the budget is used to pay salaries and any other related items;
- b) An amount not exceeding 40% of the budget shall be used to cover district or town running costs;
- c) An amount not less than 30% shall be used in investment activities.

Article 73 bis”

MTEF

Medium Term Expenditure Framework (MTEF) is a prioritized, three-year integrated planning, based on clearly-defined performance indicators within a Strategic Plan to be developed with the support of the civil society. It covers recurrent and development budgets, including three-year ceiling estimates with the following year with full detail.

Strategy

“A strategy is the pattern or plan that integrates an organization’s objectives policies, and action sequences into a cohesive whole. It helps allocate all organization’s resources into a unique and viable posture based on its relative internal competencies and shortcomings, anticipated changes in the environment and contingent moves by intelligent opponents.” (Quinn, J.B., 1980)

Financial Year

Indicates the period of time between January 1 and December 31 of a calendar year.

Program

A *program* is an integrated plan. The programmatic approach to budgeting is assumed for MTEF design. The program is a set of activities defined to achieve certain objective called sub-programs.

Sub-program

Sub-programs are divisions of a program with specific objectives, achievement of which determines a milestone of the program. It is also confirmed by a set of outputs.

Output

An *output* is a description of an achievement that produces a specific result. Outputs have to be identified in quantifiable terms for easy evaluation.

Activity

Activities are more detailed descriptions (necessary actions and inputs) of tasks to be performed to achieve an output.

Input

Inputs are all the resources required to perform an activity, including goods, services, and other logistical necessities. These are specifically classified in all budgets, with associated costs and quantities for each one. The sum of these amounts equals the total expenditure budget for each level in the budget structure.

1.2 Budget Characteristics

During the process of budget preparation, the following important characteristics must be considered.

Representation

The budget must represent the people through representation of their elected leaders. All levels of the community, from cells and sectors up to the district level, must be represented by elected authorities who will carry out the needs of all citizens.

Transparency

All the budget documents must represent, in a clear and open way, all resources and plans involved in the project. To obtain good transparency levels, partner and stakeholder participation must be enforced throughout all phases. District authorities must communicate to the general public through documentation of the budget process, to allow the people to monitor budget execution and thus, enforce transparency.

Participatory Process

- **Openness** – All those who want to or are required to participate must have equal opportunity for involvement;
- **Honesty** – All information having to do with possible solutions, with potential negative or positive impact, must be provided for all participants;
- **Correctness** – All voices are equal, there is no discrimination among citizens; they all have equal opportunities to influence the decision.

Gross Revenue Collection

The funds collected as revenues must reach the treasury account with no deductions. This means that the collectors, cashiers, or any other entity delegated with money collection, cannot deduct service fees from the collected revenue. Banks are also not allowed to deduct any fees. When collecting from entities to which the districts owe money, the districts are not allowed to deduct the amounts owed from their collections.

Balanced Incomes and Expenses

The total incomes and the total expenses registered in the budget must be balanced. This concept especially includes ordinary and investment budgets. No MTEF with unbalanced revenues and expenditures can be approved by the District Council, and therefore, cannot be sent to other authorities such as MINALOC, Congress, etc.

Planning

The outputs identified in the planning phase are the basis for all program/activity included in the budget. Definitions of these have to be standardized through all districts within a province and, therefore, nationwide. This verification of proper resource allocation of programs and activities is done at MINALOC.

Completeness

The budget is one complete document compiling all receipts and expenditures. No incomes or expenses can be paid if they are not registered in the budget. This is monitored through the treasury system, where it is not allowed to authorize an expenditure that is not in the budget, and with the accounting system that does not have any means to register such operation.

Diffusion

The budget documents must be widely distributed, and the district authorities must not interfere if anyone wants to review them. Moreover, they should encourage the general public to oversee the budget document and the budget execution to achieve some levels of accountability and transparency. The dissemination and accessibility of budget documents must occur at all phases in the process, from preparation and approval to budget execution when the accounting and treasury systems provide data for the financial reports.

1.3 Budget Management in the Context of Integrated Financial Management

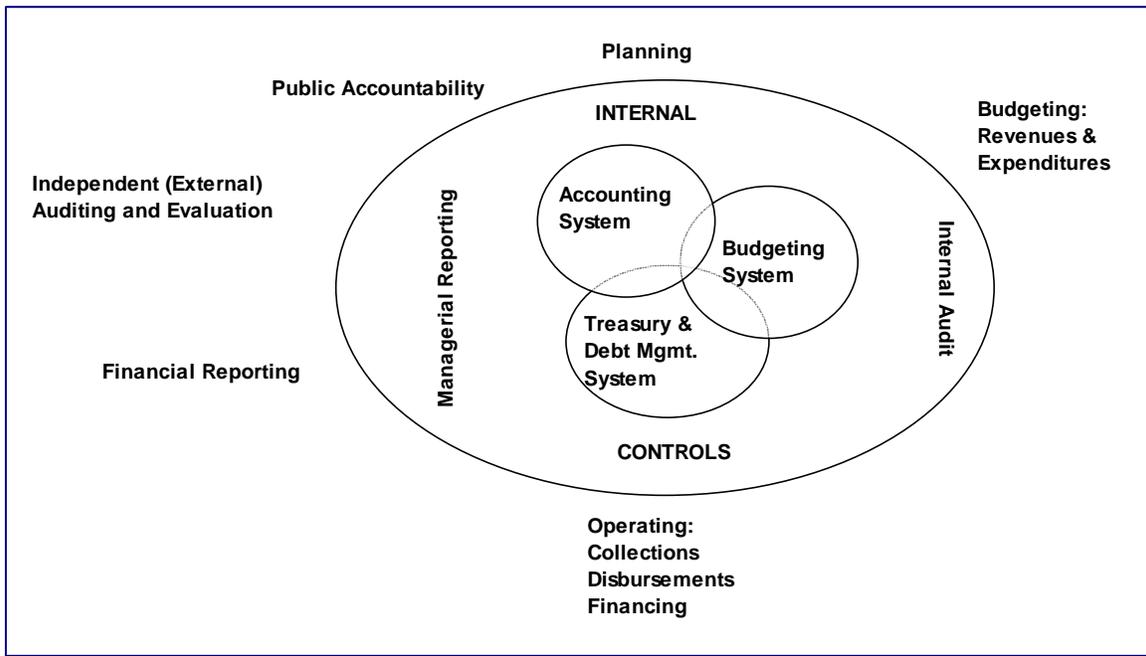


Figure 1.1: Integrated Financial Management Schema (taken from AMLGR)

The budgeting, accounting, and treasury systems make up a comprehensive financial management system. Surrounding the core of those three systems is the internal auditor. All of them conform to the financial management schema. Integration of these three systems means that there is an integration of information and processes. This guide presents concepts and procedures that enhance the integration among the three main financial systems. Information flows are designed to facilitate this integration.

To be effective, the budgeting process must:

- Take into consideration the needs of the community and the objectives and policies of the elected government;
- Be comprehensive, taking into consideration all priorities and programs ;
- Employ realistic estimates and scenarios;
- Be integrated with the other core financial management components;
- Be easily evaluated; and
- Operate on a scale and level of sophistication that is practical for the local government in terms of effort, time for completion, and adherence to schedule.

The budget management function described below seeks to satisfy these criteria.

2. Budgetary Process Cycle

Under the principle of participation, representation of district authorities, commissions, departments, donors, and the general public is the key for a democratic budget.

The realization of the budgetary process cycle must follow the entire legal framework existing at the time of the start of the corresponding financial year.

The calendar of important events is as follows:

#	Activity on the Budgetary Process Cycle	Start	Days	Ends	Responsible
1	Community participation in identifying Needs	3-Jun	12	15-Jun	CDC of each level
2	District Budget conference on need's prioritization.	15-Jun	4	19-Jun	CDC of District
3	Elaboration of the Yearly Operational Planning form	19-Jun	4	23-Jun	Executive Committee
4	Review of Financial History	3-Jun	10	13-Jun	Budget Management Team
5	Projection of Revenues	13-Jun	10	23-Jun	Budget Management Team
6	Preparation & Distribution of Budget Instructions	23-Jun	7	30-Jun	Executive Secretary
7	Submission of Departmental Program Plans	30-Jun	14	14-Jul	Head of Departments
8	Formatting to MTEF format	14-Jul	7	21-Jul	Budget Management Team
9	Department's budget negotiation	21-Jul	15	5-Aug	Budget Management Team
10	Revision by the Mayor and Executive Committee	5-Aug	7	12-Aug	Executive Committee
11	Conference on presentation to the Community	12-Aug	3	15-Aug	CDC of District
12	Budget Approval and Diffusion	15-Aug	2	17-Aug	District Council
13	Budget Execution and Monitoring	31-Dec	0	31-Dec	All

Figure 2.1: Budget Process Schedule

2.1 Community Participation in Identifying Needs

Forms used in this manual. For all forms, three signatures are required. At each phase, there is a responsible party who delegates someone to be the individual referenced by the first signature space ('elaborated by'). The responsible party provides the second signature ('verified by'). And lastly a supervisor of the responsible party will sign in the third slit ('approved by'). Remember that all of three parties must provide a name, signature, and position title in the space assigned. Also some kind of criteria must be established to determine who can be delegated a responsible party and who can be his/her superior.

The budget process will support transparency from the very first steps. Strong citizen participation is encouraged so as to yield realistic plans.

In terms of scheduling and timelines, the three following steps that are dependent on citizen participation have to be initiated at the same time as the fourth step, the financial history review.

Guidelines for Citizen Participation

Some guidelines for determining when and how to incorporate citizen participation in the budget process are listed below.

1. Inform or consult the public any time a major decision is to be made or an event occurs that would affect the budget (for example, when the Ministry of Finance's revenue sharing formulas are announced or changed or when major damage to city infrastructure needs priority attention).
2. Before consulting the public about the budget, make sure there has been good information sharing on the budget, both through notices and working with the media.
3. Expend some time and energy educating the media on the budget process and realities therein so that they will be better prepared to inform the public; suggest coverage of specific departments that figure importantly in the budget.
4. Make the public aware of the budget calendar.
5. Start the participation process early enough so that line departments can gather public input through meetings, surveys, or focus groups to help determine departmental priorities.
6. Consult the public on the overall budget before it becomes fixed so that adjustments can be made and the City, County, and Commune Councils can take this input into account during the approval process.
7. Be realistic about planning participation events, allowing enough time and resources to achieve the desired result.
8. Assign responsibility for the overall citizen information/participation strategy for the budget to a key individual or committee. Assign a responsible person to implementation of each important element. For example, if there is to be a public hearing on the budget, put someone in charge of coordinating that activity.
9. Keep the public informed about how their input has been used.
10. Consider using a citizen's advisory group throughout the budget process, e.g., one that meets regularly and at strategic times in the budget process. Let that group assist with development of the citizen participation strategy for the budget.
11. Be flexible and change the schedule or sequence as events dictate.
12. Consult with other cities that use citizen participation in their budgeting process and get their ideas, advice and lessons learned.

Community Needs Identification

A bottom-up approach will be applied with the following steps:

1. Each cell (Utugari) will hold an open meeting with its community to identify all priorities needed by the cell. There are more than 9000 Cells nationwide so they have to be organized with enough time. The Community Development Committee (CDC) at the cell level should emphasize open communication. Then they will submit those priorities to the Sector (Imirenge).
2. The sector will consolidate the criteria in an open meeting with the cells' representatives. Also, the sector itself will add district needs not considered at the cell level. Based on the priority assigned, important needs will be taken into account and others will be discarded. The final needs will then be submitted to the District through the Executive Secretary (Akarere).

A copy of the final documents sent from one stage to another must remain at the district offices for open consultation by any citizen of the District.

Needs Identification at all Levels

In each level (cell, sector, and district), an open meeting is conducted by each CDC to let the people establish the community's needs. To facilitate that process, needs identified will be presented in the following form.

Figure 2.2 District Needs Identification Form

	REPUBLIC OF RWANDA MINISTRY OF LOCAL GOVERNMENT, COMMUNITY DEVELOPMENT AND SOCIAL AFFAIRS				
	COMMUNITY NEEDS IDENTIFICATION FORM				Form B-NID
Province: GISENYI		Date: 13/8/2004		Page of	
District: NYAGOSOGARA		Mayor: Desire Rubango		Budget Year 2005	
#	Needs identified	Target Aimed	Population benefited	Priority	Additional Comments
	Malaria Prevention	to reduce up to 5% affection	all sectors, specially children	high	It's an ongoing Health program
	HIV/AIDS Campaign	HIV + reduces to 6% population	Young and infected people	high	USAID is providing funds
	Water Installation	aces to potable water in 40% population	all sectors.	great	Coordinate w/ ELECTROGAZ
Elaborated by		Revised By		Approved by	

Form B-NID, v.3.0, 15/8/04

Needs Identified: A short description of the need to be addressed.
Target Aimed: This is the goal to be achieved. It is recommendable to use objective measurements instead of vague descriptions, which are difficult to be evaluated.
Population Benefited: Describe the population that will receive the impact, best expressed in numbers or percentages.
Priority: This reflects the degree of need (for this and subsequent forms).
Additional Comments: Provide any additional information here that will help the process of budgeting this need.

2.2 District Budget Conference on Need Prioritization

The purpose of the district conference is to centralize all objectives and strategies identified at lower levels. This conference is open to all cell and sector representatives and all the citizens who may be interested in contributing to the process. Public meetings and public hearings are *open to everyone*.

Preparation

The Executive Secretary announces ahead of time that the event is going to take place, invites all interested citizens to attend, and ensures that stakeholders are also notified. Usually, the event is announced in a notice posted at the district building and included in a press release or district newspaper.

The conference is organized by the CDC at the district level. The committee will gather all the legal financial management documents, including:

- “VISION 2020;”
- The district’s development plan;

- The strategic plan;
- Ministerial Decree of “Financial Management and Accounting Procedures for Local Governments in Rwanda”;
- Fiscal and Financial Decentralization Policy, November 2001;
- Financial accounting reports of previous years, up to the month of budget preparation; and
- This training guide on budget management.

Carrying out Conferences

The Vice Mayor in charge of finances is responsible for conducting the conference, and the Executive Secretary will be responsible for assessing the results and presenting the technical reports from the conference.

An essential element of a public meeting, public hearing, or public debate is that the officials in charge should hold the meeting at a time and place convenient to people who want to attend. After the meeting is over, a summary should be made available.

Voting

Representatives from each cell and sector should be present to defend own interests. Chiefs of district departments should also be present at the conference. Prioritization of needs will be done through consensus of all levels and will reflect the district’s priorities, not just those of a single cell or sector. As stated before, all community members can assist and participate at the conference. However, if there is no agreement on community objectives and priorities, a vote will be held. Only two representatives per CDC sector level have the right to vote. Simple majority will define the approval of a priority given to an objective. In defining the priority of district objectives, the decision should be made based on the population benefited, the cost, the source of funding, the necessity of achieving the objective, etc. It is understood that assigning a higher priority to an objective indicates that more resources will be allocated to that level when developing the budget.

Conclusions

The district authorities, through the Executive Secretary, will consolidate all the proposals identified in the conference. At the end of the conference, the document with the objectives and priorities assigned by the participants is reviewed and approved. A copy of that document will be available for open consultation in the districts’ offices.

2.3 Planning the Operational Program

Following the preparation of the Needs Identification Form is the preparation of the “Development Policy Strategy” (Form B-DPS) by the Mayor and Executive Committee. This form integrates the needs identified by the community with the priorities and policies of the local government and translates each of these into a strategy for action.

Figure 2.3 District Development Policy Strategy Form

	REPUBLIC OF RWANDA MINISTRY OF LOCAL GOVERNMENT, COMMUNITY DEVELOPMENT AND SOCIAL AFFAIRS						
	DISTRICT YEARLY OPERATIONS PLANNING FORM						
Province: GISENYI		Date: 13/8/2004		Page of			
District: NYAGOSOGARA		Mayor: Desire Rubango		Budget Year 2006			
#	Needs identified	Actions	Performance Indicators	Finish by	Estimated Cost	Funding	Department
1	Malaria Prevention	Distribute 10.000 malaria pills	Population received all dosis	Apr-06	R 12,000,000	Government	Health
		Fumigate 500 houses	Houses fumigated	Jun-06	R 2,000,000	DFID	Health
2	HIV/AIDS Campaign	100.000 free condoms	statistic control	Jun-06	R 8,000,000	USAID	Health
		1000 antriretroviral pills	patiente log	Aug-06	R 20,000,000	DED	Health
3	Water Installation	Install 5.000m of water pipes	describe affected zones	Oct-06	R 40,000,000	GTZ	Infraestructure
		Install 200 public faucets	identified points	Dec-06	R 30,000,000	Government	Infraestructure
Elaborated by		Revised by		Approved by			

Needs Identified: A short description of the need to be addressed.
Actions: This area describes how objectives will be achieved.
Performance Indicators: These indicators should be objective and, best expressed in numbers or percentages.
Finish by: The month and year when the action should be completed.
Estimated Cost: Provide an approximate value for the action, in Rwandan Francs. The budget process will more accurately establish that number.
Funding: This indicates the funding source that activity.
Department: This indicates the department that oversees the activity.

The completed District Development Policy Strategy Form out must be presented to the community in an open session where the citizens, in a participatory process, agree on the priority given to each need, being aware that due to the limited resources, actions plan with lower priorities may be postponed for the next year's budget preparation.

It is important to emphasize in this stage that the district's authorities do not have the power in the following steps to change priorities assigned by the community. In these steps, those authorities should only follow the wish of the people and technically reflect it through the forms.

2.4 Review of Financial History

In terms of schedule and timeline, Step One, "Community Participation in Identifying Needs" has to be initiated at the same time as Step Four, "Review of Financial History" in order to meet calendar deadlines.

The Budget Management Team (BMT) is responsible for reviewing recent statements that detail the financial condition and recent activities of the local government. Special attention should be paid to the reports that summarize the execution of the budget, i.e., the Statement of Appropriations, Encumbrances and Expenditures, and the Statement of Anticipated and Actual Revenues that come from the accounting system.

The purpose of the following forms is to give to the BMT any financial authority to analyze the behavior of the finances in recent years, especially the most recent one. Since the process of budget begins in the middle of the previous year, information, up to the current month, is also collected. The information in these forms is not entered in the budget, but it does provide executive information.

Financial History Total Revenue and Expenditure

In this stage, historical financial information of revenues and expenditure is compiled.

The BMT will prepare the analysis of the of the previous years' budget execution, using the information from the previous MTEFs and financial reports from the accounting system, according to the following the form shown in Figure 2.4.

Figure 2.4 District's History Revenue/Expenditure Form

		REPUBLIC OF RWANDA MINISTRY OF LOCAL GOVERNMENT, COMMUNITY DEVELOPMENT AND SOCIAL AFFAIRS								
		DISTRICT'S HISTORY REVENUE / EXPENDITURE FORM								
Province: GISENYI			Date: 13/8/2005			Page			of	
District: NYAGOSOGARA			Mayor: Desire Rubango			Budget Year			2006	
#	Year	Total Budget Revenue (A)	Total Budget Expenditure (B)	Real Revenue Collection (C)	Real Expenditure Execution (D)	Difference in Revenue E=C- A	Difference in Expenditure F=B - D	% Real Revenue Collection G=C/A	% Real Expenditure Execution H=D/B	Superavit/ Deficit I = C - D
	2005 (Septem	300,424,212	300,424,212	271,469,929	298,472,055	(28,954,283)	1,952,157	90.36%	99.35%	(27,002,126)
	2004	358,383,733	356,056,065	360,334,721	359,745,634	1,950,988	(3,689,569)	100.54%	101.04%	589,087
	2003	336,238,592	336,238,592	204,485,223	333,786,784	(131,753,369)	2,451,808	60.82%	99.27%	(129,301,561)
									
	Average	331,682,179	330,906,290	278,763,291	330,668,158	(52,918,888)	238,132	84.05%	99.93%	(51,904,867)
Elaborated by		Revised by				Approved by				

Form B- HRE, v.3.0, 15/8/04

Year: The first row will be the current year from which information is taken from the financial reports up to the month of budget elaboration. The following years will be listed in descending order with information taken from approved MTEFs and modifications and financial reports for each year.

Total Budget Revenue (A): This is the amount established in the MTEF for the revenue in that year.

Total Budget Expenditure(B): This column contains the expenditures established in the MTEF.

Real Revenue Collection (C): This is the real revenue collected. If the year is the current one, it is prorated to the most recent month that has financial reports.

Real Expenditure Execution (D): As in the previous field, this amount is based on the financial reports.

Difference in Revenue (E): This is the difference in revenue between the amounts budgeted for in the MTEF and the real amounts collected

Difference in Expenditure (F): This is the difference in expenditures between the amounts budgeted for in the MTEF and the real amounts executed.

% Real Revenue Collection (G) and % Real Revenue Execution (H): These are the percentages of the real revenues and expenditures over the total budgeted amounts.

Superavit/Deficit (I): This is the difference between the actual revenues and the actual expenditures. If the value is negative, this means that the district had spent more than it had collected and, thus, the financial health may be jeopardized if direct actions are not taken.

Financial History Expenditures by Program

For complementing the previous information, a collection of previous information on expenditure is made. This has to be classified according to program classification in the following format:

Figure 2.5 District's History Expenditure by Program

		REPUBLIC OF RWANDA MINISTRY OF LOCAL GOVERNMENT, COMMUNITY DEVELOPMENT AND SOCIAL AFFAIRS					
DISTRICT'S HISTORY EXPENDITURE PER PROGRAM							Form B-HEP
Province: GISENYI		Date: 13/8/2004		Data Year: 2004			
District: NYAGOSOGARA		Mayor: Desire Rubango		Budget Year: 2006			
The information presented below belongs to the accounting reports of Year 2004							Up to month: December
#	Program	Total Budget Expenditure (A)	Real Expenditure Execution (B)	percentage PrgExec/ ProgBudget C = (B/A)	percentage PrgBudg/ TotalBudget D=(A/SUM(A))	percentage PrgExec/ TotalExec E=(B/SUM(B))	percentage PrgExec/ TotalBudget F=(B/SUM(A))
	Political and Social Affairs	78,234,839	137,837,463	176%	26%	47%	45%
	Services & Economic Infrastructure	84,747,423	98,636,453	116%	28%	34%	32%
	(The rest of the programs)	143,256,330	53,766,282	38%	47%	19%	18%
====	Totals	306,238,592	290,240,198		100%	100%	95%
Elaborated by		Revised by			Approved by		

Note: This form has to be completed for each past year that is to be analyzed. If the current year is undertaken, prorating up to the current month has to be done.

Total Budget Expenditure: Taken from the data year's MTEF expenditure

Real Expenditure Execution: Taken from accounting reports, the calculations are made according to the formulae, while the percentages are calculated.

Executed/ProgBudget: How much of the allocation the program executed.

Program/TotalBudget: How much of the total budget the program was given.

PrgExec/TotalExec: How much of the total expenditures the program spent.

PrgExec/TotalBudget: How much of the total budget the program spent.

2.5 Projection of Revenues

Based on the previous elaborated information, the BMT will prepare revenue projections for the current year. Estimates are made on the various categories of receipts for the coming year. A given revenue estimate could be formulated on a "straight-line" basis. However, the projection may also take into consideration any additional relevant factors, such as:

- Identified changes in trends of receipts over the months;
- Planned improvements in collection activities;
- Recently implemented changes in types of taxes to be collected;
- Donor contributions committed for the current year; and
- Anticipated changes for the coming year.

The BMT will then need to make an assessment of changes for the next year and to explain what these changes are. It has to be taken into account any anticipated legislation affecting the collection of taxes from local governments tax registers. The District Financial Revenue Projection Form (B-PRE) will be used for this purpose.

Figure 2.6 District Financial Revenue Projection Form

		REPUBLIC OF RWANDA MINISTRY OF LOCAL GOVERNMENT, COMMUNITY DEVELOPMENT AND SOCIAL AFFAIRS									
DISTRICT FINANCIAL REVENUE PROJECTION FORM									Form B-PRE		
Province:		GISENYI			Date:		13/8/2004		Cuurent year		2005
District:		NYAGOSOGARA			Mayor:		Desire Rubango		Budget		2006
#	Funding code	Revenue's code and Name	Prior Year - 1 2003 (A)	Prior Year 2004 (B)	Current Year extrapolated 2005 (C)	Mathematic forecasting (D)	District's criteria Variation (E)	Projected Adjusted with Change (F=D * E)	Comments on the proposed changes		
1	110	R1101 Property Tax on fixed a	14,948,437	15,948,741	16,948,482	18,948,621	125%	23,685,776	More houses		
2	110	R1203 Personal Income Tax	44,568,584	46,039,383	47,988,434	51,328,575	80%	41,062,860	fire people		
3	121	R3492 Government transfer	167,258,245	170,384,646	204,837,434	237,195,559	100%	237,195,559	remains		
4	431	R9999 Others	63,136,441	65,837,463	79,838,743	94,657,669	115%	108,856,319	more support		
==== Totals			289,911,707	298,210,233	349,613,093	402,130,423		410,800,514			
summary											
	FundingCode	total (F)	New funds	new total (G)	Comments						
1	110	64,748,636	0	64,748,636							
2	121	237,195,559	0	237,195,559							
3	431	108,856,319	63,136,441	171,992,760	USAID project						
Totals		410,800,514	63,136,441	473,936,955							
Elaborated by				Revised by				Approved by			
Form B-PRE, v.3.0, 15/8/04											

Code and Revenue Name: These are taken from the list in the annex that is standard for all budgets in the country.

(A) Prior Year – 1: Data from the Accounting system reports for 2 years before the current.

(B) Prior Year: The same information for the previous closed year.

(C) Current Year Extrapolated: This is the value calculated for the current year up to the month of elaboration which is written on the column header.

(D) Mathematic Forecasting: This can be calculated by simple estimation. If the district counts with enough both staff and computers, other methods of projections may be used. In a simple way, this column may be calculated by adding all amounts in the previous years from (A) to (C), and divide by the number of those occurrences. This is the simplest calculation of projected value with no accuracy.

(E) District's Criteria Variation: This is a variable introduced by the District authorities that affects the tendency of the revenue incrementing or decrementing it. It represents a percentage estimated of growing or shrinking. So, a number 1 will indicates that it is forecasted the same revenue than the calculated in projection, means 100%. A number greater than one will increase the projected Revenue, and a number lower than one will decrease it.

This variable can reflect the studies and analysis on the fiscal potentiality for each District, since that will reflect how much revenues can be increased.

Each one of them must be revised with conservative measures. All indexes must be given with comments or justifications in the assumptions, especially if they are greater than one, because that scenario may

lead to over budgeted revenues, whose impossibility of execution will lead to cut or null planned expenditures. This practice has been very common in previous years.

2.6 Preparation and Distribution of Budget Instructions

This step starts with what has been accomplished previously: recent financial history; projections; and identified needs, represented in the formats described. Then the Executive Committee, supported by the BMT, will prepare the “Budget Instructions” for distribution to department heads. The following form takes into consideration the priorities set by the community in the participatory process, so the community mandates will rule the fund allocation to each department.

Figure 2.7 Budget Instruction to Departments

		<p>REPUBLIC OF RWANDA MINISTRY OF LOCAL GOVERNMENT, COMMUNITY DEVELOPMENT AND SOCIAL AFFAIRS</p>					
BUDGET INSTRUCTIONS TO DEPARTMENTS FORM			Form B-BID				
Province: GISENYI		Date: 13/8/2004	Page of				
District: NYAGOSOGARA		Mayor: Desire Rubango	Budget 2006				
#	Department Code and Name	NeedS Identified	Actions identified in B-YOP form	Cost assumed in B-YOP	Funding Code to support Action	Ceiling assigned to each level	Comments
	04 Health, Gender and social Welfare					120,000,000	
		Malaria Prevention				13,000,000	
			Distribute 10.000 malaria pills	12,000,000	120 Government Transfers	10,000,000	
			Fumigate 500 houses	2,000,000	240 DFID	3,000,000	
.....							
==== Totals						120,000,000	
Ceiling assigned according to formula						99,374,235	
Difference between funding allocation and formula projection						(20,625,765)	
summary of allocations							
	Department	FundingCode	total	Comments			
1	4	110	10,000,000				
2	4	121	13,000,000				
3	4	431	97,000,000				
						
			Totals	370,000,000			
Elaborated by		Revised by		Approved by			

Form B-BID, v.3.0, 15/8/04

Needs Identified: Copied from B-YOP form
Actions Identified in B-YOP form: Copied from B-YOP form
Cost Assumed in B-YOP: Copied from B-YOP form
Funding Code to Support Action: Code an name of funding type to support this action
Ceiling Assigned to Each Level: Assigned according to the dimension of action
In the total line:
Ceiling Assigned According to Formula: This number will be calculated with the following formula:

Ceiling for department X = B-PRE : Sum(F) * B-HEP : (E on dept X) * change

B-PRE : Sum(F) is the sum for revenues projection stated in the form B-PRJ. This number will give the total year projection. This amount means the total amount the authorities predict to be revenue.

B-HEP : (E on dept X) is the percentage of actual execution of the department X, stated in the form B-HEP. That number represents according to financial reports, how much was the percentage of execution of the Department X.

Change: This is a number that represents the variation between previous years execution and this year allocation of ceiling. That means that if change is 1, then no modification in execution is projected for the budget year. If change < 1, the authorities are assigning less budget than its actual execution of previous year, and finally, if change > 1, then a greater amount is allocated as ceiling to that department. The Executive Committee and the BMT define the value of 'change'.

Along this form, other documents are to be sent to the department heads including:

- A summary of accomplishments and financial performance of the past year;
- The Needs Identification Form and explanation;
- The Development Plan and Strategy Form and explanations;
- Executive Committee address major changes e.g., those programs, services or activities that will be receiving greater emphasis in the coming year. Identify the source of this change, and the amount involved in the change; and
- National priorities on the long-term plans established for the budget year

Other considerations to be taken into account:

- Each type of funding must correspond to the calculations made in the forms.
- All arrears must be first included in the budget by each type of funding. Thus, the sum of all ceiling for all departments must be the remaining total resources minus the payment of arrears.
- In this way, outstanding debts must be considered with the higher priority, and a special policy of contracting new debts must be deployed by the MINALOC. That policy will establish the criteria for incurring in borrows, either for internal or external funds.

This set of information which conforms to the "Budget Instructions" is sent to every department head with a deadline for presenting its corresponding requests.

2.7 Submission of Departmental Program Plans

At this point, every department head has received the Budget Instructions Form and is ready to prepare the budget for their department.

The head of the department will prepare the Departmental Budget Request form(see Figure 2.8), including the following information:

- An introduction that discusses the primary needs of the district, placing emphasis on those that have recently emerged;
- Areas of focus, with reference to the plan where possible;
- Program, departments, sub-programs, outputs, and activities planned according to following form. This will not include their costing, because the more technical staff at the BMT will develop that at later stages. If every district's head of department is trained in doing the costing, costing can be of responsibility of every head of department.
- Any other explanation that is needed.

The department heads will send all that information to the BMT through the Executive Secretary.

The following form will be presented in timely manner and verifying that the community needs defined in previous stages are respected in the definition of programs and activities reflected therein.

Figure 2.8 District Department Budget Request

		<h2 style="margin: 0;">REPUBLIC OF RWANDA</h2> <p style="margin: 0;">MINISTRY OF LOCAL GOVERNMENT, COMMUNITY DEVELOPMENT AND SOCIAL AFFAIRS</p>													
DISTRICT DEPARTMENT BUDGET REQUEST								Form B-DBR							
Province:		GISENYI			Date:		13/8/2004		Page of						
District:		NYAGOSOGARA			Mayor:		Desire Rubango		Budget 2006						
#	Funding Code and Name	Program Code and Name	Department Code and Name	Sub-Program Code and Name	Output Name	Activity Name	Total Gross Estimated cost for each level	Comments							
	110 Districts' specific economic resources						434,545,446								
		01 Gestion de l'Administration et des Affaires Politiques						34,545,445							
			01 Department Politique et de l'Administration						23,534,334						
				01 Appui a la Gestion						12,321,454					
					01 Tout le personnel a touche son salaire chaque fin de mois						9,230,453				
						01 Remuneration du personnel						6,734,569	No hirings		
						02 Services d'appui						2,495,884	No hirings		
==== Totals		Totals					478,574,873								
Elaborated by			Revised by			Approved by									

Form B-DBR, v.3.0, 15/8/04

Funding Code and Name: Reflects the source of funding defined in annex. It is clear that every district's income has a source, be it donor, government transfer, or internal revenue. Thus, funding code is not only related to development budget.

Program Code and Name: According to possible values in annex, and the program related to the Department.

Department Code and Name: According to possible values in annex, include always the code for all these type of fields

Sub-program Code and Name: According to possible values in annex.

Output Name: The definition of outputs is the responsibility of the budget developers, but it should follow some criteria of standardization. Also, the output is the precise objective to be achieved; successful completion contributes to the sub-program realization.

Activity Name: This is a division of the output in certain precise list of tasks. The activity is the smallest unit of goal to be measured, composed of inputs, resources to be defined later, and associated with costs.

This form will reflect the department's projection and planning to achieve certain objectives according to the priorities defined by the Community.

2.8 Formatting to MTEF format

Following receipt of the Departmental Program Plans, the Executive Committee shall first review each and every budget request, looking at the proposed programs, expected outputs, and proposed activities. If the BMT team considers that some program does not follow national plans and district's objectives, they have the responsibility to notice to the department head and find agreement in its modification. Also, some outputs that may raise concerns due to ethical considerations, previous mismanagement, and so on; these can be discarded.

Total Revenues

The revenues must be calculated establishing costs for each projection. It is clear that the Departments do not provide with revenues estimation, therefore, it is the BMT that will design all revenues calculations. It has to be taken in consideration the projection of revenues made at earlier stages. The following form will guide the process of elaboration of the revenue budget

Figure 2.9 Medium Term Revenue Format

		<p>REPUBLIC OF RWANDA MINISTRY OF LOCAL GOVERNMENT, COMMUNITY DEVELOPMENT AND SOCIAL AFFAIRS</p>				
MEDIUM TERM REVENUE FORMAT BUDGET					Form B-MTR	
Province: GISENYI		Date: 13/8/2004		Page of		
District: NYAGOSOGARA		Mayor: Desire Rubango		Budget 2005		
#	Funding Code and Name	Input Chapter Code and Name	Input Paragraphe Code and Name	Estimated Budget Year	Estimated Budget Year + 1	Estimated Budget Year + 2
	110 Districts' specific economic resources			987,474,748		
		R11 Tax on net Revenue and Benefit		793,948,383		
			R11101 Professional Income Tax	293,747,331		
			195,757,331		
		R11 Tax on property as an example		383,736,334		
			8,373,632		
Elaborated by		Revised by		Approved by		
Form B-MTR v. 3.0, 15/8/04						

Total Expenditure

With the departmental budget requests already filtered, the BMT will include cost activities for the proposed programs, subprograms, and outputs. A calculation must be made for each total activity cost, and for all department activities. In this stage, it is verified that every department not exceed the ceiling given with the "Budget Instructions".

The following form will be used to put the agreements made in a recognized format.

Figure 2.10 Medium Term Expenditure Format

		REPUBLIC OF RWANDA MINISTRY OF LOCAL GOVERNMENT, COMMUNITY DEVELOPMENT AND SOCIAL AFFAIRS												
MEDIUM TERM EXPENDITURE FORMAT BUDGET											Form B-MTE			
Province:		GISENYI				Date:			13/8/2004		Page of			
District:		NYAGOSOGARA				Mayor:			Desire Rubango		Budget 2006			
#	Funding Code and Name	Program Code and Name	Department Code and Name	Sub-Program Code and Name	Output Code and Name	Activity Code and Name	Input Chapter Code and Name	Input Paragraphe Code and Name	Estimated Budget Year	Estimated Budget Year + 1	Estimated Budget Year + 2			
	110 Districts' specific economic resources								987,474,748					
		01 Gestion de l'Administration et des Affaires Politiques								42,993,839				
		01 Department Politique et de l'Administration								21,680,943				
		01 Appui a la Gestion								18,765,430				
			01 Tout le personnel a touche son salaire chaque fin de mois								14,765,479			
			01 Remuneration du personnel								9,753,258			
				D11 Traitment et Salaires								7,459,574		
				D11201 Salaire								6,937,645		
Elaborated by		Revised by				Approved by								

Form B-MTEv.3.0, 15/8/04

Funding Code and Name: This will reflect the funding source that is related to the expenditure item and will be the actual entity that is providing the resources for execution of the expenditure item. This addition will allow identifying the expenditures by type of funding and having financial management for each donor, considering that today they contribute with sound resources to the Districts in general. The list of all possible values is in annex.

Program Code and Name: According to possible values in annex, and the program related to the Department.

Department code and name: According to possible values in annex, include always the code for all these type of fields

Subprogram code and name: According to possible values in annex.

Output Code and Name: The definition of outputs is the responsibility of the budget developers, but it should follow some criteria of standardization, the output should be a precise objective to be achieved, and that all the output success contributes to the subprogram realization.

Activity Code and Name: It is a division of the output in certain precise list of tasks. The activity is the smallest unit of goal to be measured, and it is composed of inputs, resources to be defined and associated with costs.

Estimated Budget Year +1 and +2 are the years following the budget year, only an estimation can be made based on the same methodology of projections described here, and considering special changes that may happen in those years.

The previous form will reflect all planned expenditures, in the MTEF format already known by the District's authorities. However, it now also includes new fields.

Considerations

As a principle, the total on both forms of revenue and expenditure must balance. Moreover, the balance must exist at the level of funding. This means that a type of funding must have the same amount for

revenues and expenditures. As in the elaboration of expenditures, no recurrent expenditure items can be supported by an external donation funding type. The BMT must sign the final versions of MTEF both in the revenue and expenditure sides approving the job done up to that stage. That version will be kept for making some modifications in the next phases.

2.9 Budget Negotiation

So as to not exceed departmental ceilings, it may be necessary to reduce expenditures. As a result, it may be necessary to reduce inputs, activities, or even outputs. Those changes must be agreed to with the affected department.

The BMT must understand that any departmental budget that exceeds its ceiling may cause another departmental budget to have its ceiling lowered, so as to achieve an overall balance.

The BMT will hold several meetings of negotiation with every department until it a budget is agreed upon. If there is agreement reached with every department, the BMT and the Executive Secretary will aggregate the budgets for each department and analyze the budget for the whole district. If there is no agreement, the position of the Mayor must be taken.

This phase of negotiation may take some time due to the limited resources and the quantity of the community demands. As in every scenario with restricted resources, the district's authorities must look for achieving objectives according to the identification of needs by the community in a participatory process and also look for activities with social impact. It is not a rule yet, but it may be proposed to limit expenses in acquisition of vehicles or other types of expenditures. Salaries should not be increased so as to not increase personnel, unless there is an organic change in the law. (As a comment, analysis of previous years expenditures shows that salary-related expenditures cover 85 percent of the recurrent budget. Local officials should devise strategies to gradually reduce this proportion of expenditures.)

The BMT and all department heads must sign the final versions of MTEF both in the revenue and expenditure sides.

2.10 Revision by the Executive Committee

The Executive Committee once more will revise the budget for consistency with national priorities, poverty reduction strategy, and local objectives. The existence of all the characteristics mentioned in the introductory chapter of this manual must be checked on this budget project, especially the balance in the revenues and expenditures by type of funding. That means that all types of incomes (government transfers, donors, internal revenues, etc.) must have a correspondent expenditure side. These authorities repeat the process in a loop until there are no more observations. The approved budget must be signed by all members of that committee. The budget is then ready for to be sent to the District Council. All documents that have been prepared are attached with a letter that explains objectives, constraints, projects, and programs to be developed. The final MTEF in revenue and expenditures has to be emphasized and explained in detail.

2.11 Budget Presentation to the Community

The documents are received by the District Council and analyzed with high priority. The District Council then announces to the community that a conference on budget presentation will be held. This meeting shall be public in nature, open to all interested members of the community. This will be a unique opportunity to air viewpoints from a broad cross-section of interested parties as well as the responsible officials. The District Council can discuss modifications to the budget presented, and the BMT will reflect those changes in the budget in a cyclic process until the District Council agrees with the budget. In the democratic process, there are some fundamental elements such as communication and involvement of the citizens in the complex process of local governance. Citizen participation is precisely the combination of these elements – information, communication, and involvement.

This means:

- Providing information in an honest, complete, and clear manner, in two ways: from citizen to local government and from local government to citizen;
- The possibility to make a choice and to influence the result in a correct and straightforward manner;
- Explanations in making certain decisions, as well as solid rational explanations of the reasons that led to those decisions; and
- Citizen involvement in decisions regarding their life.

When the community at large approved the document with the suggested changes, then the conference moderator states as much and formally registers the modification. The BMT modifies the budget according to the community's opinion and presents it again with all supportive documents to the District Council

2.12 Budget Approval and Diffusion

The District Council is responsible of conducting a council session where the budget is formally approved. The minutes of the meeting shall document this act, and the accountant shall record the appropriated budget in the district's accounting system/ledgers.

Within one week, copies of the approved budget must be sent to:

- CONGRESS: For inclusion within the National Budget;
- MINALOC: For comments and observations on the application of decentralized policy into the budget;
- MINECOFIN: For comments and observations on the national and state objectives; and

- **PREFECT:** For comments on the harmonization of all provinces' districts budgets, and any other observation. According to law, the Prefect has seven days to send such comments.

PUBLIC: General dissemination to the community must be done in several ways, through pamphlets of brief information, media use, printouts, and any other technique to make sure every citizen is aware of the objectives of the approved budget. Also, copies must be sent to important civil organizations, NGOs, associations etc.

A process of dissemination is done at all levels by the district's authorities so that the entire community is aware of the approved budget, and thus participation in the budget monitoring and evaluation can be done in a transparent manner.

Methods/Tools:

- Leaflets, newsletters, etc.;
- Presentations at meetings;
- Briefing the media through press releases and press conferences;
- Advertising through posters, radio, and press;
- Film or video;
- Web sites; or
- Information kiosks or offices.

Giving information is a two-way relationship – the government gives information and communicates with the citizens and, in turn, the citizens communicate with the government (crossing to the next level of participation –consultation).

3.0 Budget Execution and Monitoring

As stated before, the budget reflects the planning process of the community's needs. Proper budget execution and monitoring will play a role in ensuring that activities, outputs, sub-programs, and programs are executed efficiently and, thus, objectives and promises to the community are really achieved. This process must have participation of all community levels, from district' authorities to the general public.

3.1 Budget Registration

The budget is a document to be used by the other two financial systems: accounting and treasury. Considerations for this initiation are:

1. Changes to the budget can only be done with District Council approval and after six months of evaluation. Therefore, changes to the budget should be done according to the other two mentioned systems.
2. On the first day of the new budget year, the budget must be appropriated in the accounting ledgers according to procedures defined in the Accounting Manual. The accountant will be responsible for this task.
3. The accounting system will record all previous year's arrears and allocate to the correspondent budget in the present year.
4. From that point on, management will be turned over from the Mayor and Executive Committee to the department heads, treasurer, and accountant. Instrumental to this transition will be timely accounting and reporting and immediate sharing of information to all concerned parties.
5. The treasury system will be activated for every transaction of income generation or expenditure management. All transactions from that day must be done according to the procedures defined in both accounting and treasury manuals. Failure to this abide by this will diminish the work done at the budget preparation level.
6. The treasury system itself includes budget execution; therefore, please refer to the Treasury Manual. It is important to note that those three systems, accounting, budgeting, and treasury are integrated and none of them can work alone.

3.2 Budget Monitoring in Expenditures

Monitoring is definitely a participatory process. Participatory approaches, methods, tools, activities, and related changes in attitudes can facilitate a more equitable and demand-driven participatory development process. In order to institutionalize participation and ensure that collective action does continue after the withdrawal of a program/project, it is essential that the capacities of the stakeholders—in particular local institutional arrangements—are strengthened. In this respect, an appropriate capacity building strategy is required to integrate relevant horizontal and vertical linkages.

The budget monitoring will review the execution of expenditures versus the level of accomplishments of the planned projects. The impact on the society will be specially verified.

Monitoring is a task that involves the following participants:

1. District Council;
2. Executive Committee;
3. Budget Management Team;
4. Departments heads;
5. The community at large; and
6. Central Government Authorities such as MINALOC, MINECOFIN, and Auditor General's Office.

Each one of these are allowed to demand financial reports on the budget execution and make comparisons to the original budget or its modifications. If deviation at any level is identified, explanations from the districts can be pursued.

The Accountant, with the aid of the Budget Management Team, is responsible for preparing, on a monthly basis, the following charts along Accounting System reports.

Figure 3.1 Budget Expenditure Execution Evaluation

	REPUBLIC OF RWANDA							
	MINISTRY OF LOCAL GOVERNMENT, COMMUNITY DEVELOPMENT AND SOCIAL AFFAIRS							
DISTRICT'S BUDGET EVALUATION PORCENTAGE		Form B-EV1						
Province:	GISENYI	Date: 13/8/2006						
District:	NYAGOSOGARA	Mayor: Desire Rubango						
Month of Budget Year	Septembre	Page of						
		Budget 2006						
#	Program	Total Budget Expenditure (0)	Prorated Budget up today (A)	Real Expenditure Execution up today (B)	percentage ProgExec/ ProgBudget C = (B/A)	percentage PrgBudg/ TotalBudget D=(A/SUM(A))	percentage PrgExec/ TotalExec E=(B/SUM(B))	percentage PrgExec/ TotalBudget F=(B/SUM(A))
	Political and Social Affairs	8,234,839	6,176,129	8,754,101	142%	2%	6%	3%
	Services & Economic Infrastructure	84,747,423	63,560,567	53,070,955	83%	25%	35%	21%
	(The rest of the programs)	243,256,330	182,442,248	91,766,282	50%	72%	60%	36%
====	Totals	336,238,592	252,178,944	153,591,338		100%	100%	61%
Elaborated by		Revised by		Approved by				

Total Budget Expenditure: Taken from the approved original MTEF
Adjusted Budget: Proportion of the budget up to the month of elaboration.
Real Expenditure Execution: Taken from accounting reports up to the previous month of the report. Making the calculations according to the formulas, the percentages are interpreted as such:
Percentage PrgExec/ProgBudget: What percentage of its allocation has been executed
Percentage PrgExec/ TotalBudget: What percentage of the total budget the program was given (The sum of the values will always be 100%.)
Percentage PrgExec/TotalExec: What percentage of the total expenditures has been spent by the program (The sum of the values will always be 100%.)
PrgExec/TotalBudget: What percentage of the total budget the program has spent.

As a principle of budget execution, enforced by the treasury system, no expenditure can be made if it is not registered in the approved budget. Even if this principle is followed, the budget evaluation should check on certain deviations of a normal budget execution. Thus, if in any month of the financial year an expenditure item has many more or many fewer expenditures than the value of execution at that month (calculated by simple percentage of the total year), then that circumstance should be further investigated.

3.3 Budget Monitoring in Revenues

Revenue collection is important to be able to honor all expenditures compromised. As an example, analysis of previous years as shown that government transfers are not done in time, that donor's resources are postponed to the next budget year, and that internal revenue collection is much lower than the approved budget.

The following chart will aid in finding deviation in revenue collections:

Figure 3.2 Budget Revenue Collection Evaluation

		<p>REPUBLIC OF RWANDA MINISTRY OF LOCAL GOVERNMENT, COMMUNITY DEVELOPMENT AND SOCIAL AFFAIRS</p>							
<p>DISTRICT BUDGET REVENUE COLLECTION EVALUATION Form B-EV2</p>									
Province: GISENYI			Date: 13/8/2004			Page of			
District: NYAGOSOGARA			Mayor: Desire Rubango			Budget 2006			
Month of Budget Year 9 Septembre									
#	Funding code and name	Revenue code and name	Budget Current year (A)	Adjusted budget up today (B)	Actual Execution up today (C)	percentage TaxExec/ TaxBudget C = (B/A)	percentage TaxBudget/ TotalBudget D=(A/SUM(A))	percentage TaxExec/ TotalExec E=(B/SUM(B))	percentage TaxExec/ TotalBudget F=(B/SUM(A))
	110 Districts'...	Property Tax on fixed assets	28,869,586	21,652,190	11,384,832	53%	48%	26%	25%
	110 Districts'...	Rental Tax	5,793,916	4,345,437	3,491,277	80%	10%	8%	8%
	110 Districts'...	Bicycle Tax	452,636	339,477	239,048	70%	1%	1%	1%
	110 Districts'...	Others	24,961,912	18,721,434	27,938,958	149%	42%	65%	62%
====	Totals		60,078,051	45,058,538	43,054,115		100%	100%	70%
Elaborated by			Revised by			Approved by			

Form B-EV2, v.3.0, 15/8/04

Funding Code and Name: As in all charts, every revenue has a source, not only those related to donations.

Revenue Code and Name: These are taken from the list in annex that is standard for all budgets in the country.

Budget for Current Year: Taken from the approved MTEF

Adjusted Budget As Revised: With the last approved modification to the original MTEF

Actual Execution Up Today: For the funding and revenue described, how much it was collected up to the present day.

All other percentages are the same calculations as in previous chart.

Any deviations must be communicated to the District Council authorities for taking actions in order to correct them

3.4 Quarterly Reviews

The District Council will have the responsibility of reviewing and discussing the budget execution and provide feedback to the management of the district at least once per quarter. The council members will need to review the information produced by the Accountant and Treasurer in the context of the budget execution and may have to decide whether the budget needs to be revised.

The District Council member has the authority to call for a special meeting on the budget at any time within these quarterly meetings.

Along the previous reports, the cash flow analysis gives the District Council the opportunity to identify the pace of budget execution both in the revenue and expenditure sides.

The following form will help in undertaking a monthly review of expenditures:

Figure 3.3. Percentages of Budget Evaluation in Terms of Revenue and Expenditure

		REPUBLIC OF RWANDA MINISTRY OF LOCAL GOVERNMENT, COMMUNITY DEVELOPMENT AND SOCIAL AFFAIRS								
		DISTRICT'S BUDGET FLOW CASH EVALUATION								
Province: GISENYI			Date: 13/8/2004			Page of				
District: NYAGOSOGARA			Mayor: Desire Rubango			Budget 2006				
#	Month	Monthly Budget Revenue (A)	Monthly Budget Expenditure (B)	Real Monthly Revenue Collection (C)	Real Monthly Expenditure Execution (D)	Difference in Revenue monthly E=A- C	Difference in Expenditure monthly F=B - D	% Real Revenue Collection G=C/A	% Real Expenditure Execution H=D/B	Supravit/ Deficit I = C - D
	January	4,865,311	4,865,311	4,524,499	5,244,957	(340,812)	(379,646)	93.00%	107.80%	(720,458)
	February	4,865,311	4,865,311	5,838,573	5,305,837	973,262	(440,526)	120.00%	109.05%	532,736
	March	4,865,311	4,865,311	4,495,823	4,528,787	(369,488)	336,525	92.41%	93.08%	(32,964)
									
====	Accumulated	14,595,933	14,595,933	14,858,895	15,079,581	262,962	(483,647)			(220,686)
Elaborated by			Revised by			Approved by				

Form B-EV3, v.3.0, 15/8/2004

Month: Beginning in January of the current year, followed by the next month up to the month of the chart elaboration. Information is taken from approved MTEFs and their modifications and financial reports for each month.

Monthly Budget Revenue (A): Contains the amount established in the MTEF for the revenue in that month.

Monthly Budget Expenditure(B): As with revenue, this column contains MTEF's expenditure.

Real Monthly Revenue Collection (C): Contains real revenue collection. If the year is current, it is prorated to the current month that has financial reports.

Real Monthly Expenditure Execution (D): As in the previous field, this is based on the financial reports.

Difference in Revenue Monthly (E): This is the difference in revenue between the amounts budgeted in the MTEF and the real amounts collected.

Difference in Expenditure Monthly (F): Is the difference in expenditures between the amounts budgeted in the MTEF and the real amounts executed

(G) and (H): The percentage of the real revenues and expenditures over the total budgeted amounts.

Supravit/Deficit (I): The difference between the actual revenues and the actual expenditures. If the value is negative, this means that the district spent more than it collected and, thus, the financial health maybe jeopardized if direct actions are not taken.

Since the budget reflects the planning phase in a monetary way, the District Council will also analyze not only the charts included in this guide, but the actual execution of outputs, objectives, and strategic plans of the district.