

Peoples Republic of Bangladesh



Ministry of Local Government, Rural Development and Co-operatives

Local Government Division

**Handbook on Monitoring of Paurashava's Activities
by the Council and Standing Committees**

May 2018

Handbook on Monitoring of Paurashava's Activities by the Council and Standing Committees

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Local Government Division

Ministry of Local Government, Rural Development and Co-operatives

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Preface

Paurashava is an important part of the local government system of Bangladesh. Population pressure is increasing in cities and Paura areas of the country day by day because of rapid urbanization. According to the last census, the population growth rate in urban areas is 4.1% (Bangladesh Bureau of Statistics, 2011). The number of Paurashavas has reached 329 as of December 2017. Though the number has increased, their manpower, administrative capacity and ability to provide services vary among Paurashavas. For this reason, Paurashavas are classified into 3 classes of A, B and C based on specific criteria. Different studies found that there is scope for improvement in administration, service quantity and quality of citizen services of Paurashavas. In this context, the Local Government Division of the Ministry of Local Government, Rural Development and Co-operatives has implemented the Strengthening Paurashava Governance Project (SPGP). Under the project, seven Paurashavas were selected for pilot Paurashavas and received support from July 2014 to June 2018.

The aim of SPGP is to help the government take necessary steps to enhance the capacity of Paurashavas nationally and, in addition to that, to establish a framework to develop the capacity of Paurashavas. To this end, SPGP has implemented various activities. A most notable one among them is supporting the development of an effective system to internally monitor the activities of Paurashava themselves. To guide Paurashavas in this regard, “Handbook on Monitoring of Paurashava’s Activities by the Council and Standing Committees” was prepared. A draft handbook was prepared first and training and workshops based on it were organized at the central and Paurashava level. Then pilot Paurashavas carried out activities following the handbook with technical support from SPGP. The handbook was revised based on feedback from training participants and lessons from field-level activities. The Local Government Division and the National Institute of Local Government made important contribution by providing valuable comments to enhance the quality of the handbook.

In each pilot Paurashava, a system to internally monitor the activities of the Paurashava has been developed by following this handbook. As a result, there is transparency in their activities and also the accountability of elected representatives to citizens has increased. In addition to this, the probability of success in Paurashava’s operations as well as specific activities has increased by detecting emerged problems concerning ongoing activities and thereby they have become able to reduce additional cost. As citizens are involved in the monitoring system and the result of the monitoring is disclosed to them, the level of their satisfaction with the administrative activities of the pilot Paurashavas has increased. I strongly believe that if other Paurashavas follow this handbook they will also be benefitted.

This handbook was prepared in consistent with the model by-law issued by the Local Government Division Memo No. 46.063.022.00.001.2012 (Part-3)-07 dated 02-01-2013. In this

handbook, an easy and effective way to monitor the activities of the Paurashava is recommended. In the course of preparation of the handbook, necessary additions and alterations were made and comments of the Local Government Division were incorporated. Any important opinions regarding this handbook will be appreciated and the handbook will be updated taking into consideration those opinions.

This practical handbook on monitoring Paurashava's activities by the Paura Council and standing committees was prepared for the use of all Paurashavas. I strongly believe that by making the best use of this handbook, Paurashavas will be able to accomplish planned activities properly, collect revenue according to its plan, implement the annual budget and development plan. The handbook will also contribute to turning Paurashavas into more active and powerful institution. I would like to sincerely thank all who were involved in the preparation and publication process of this handbook.

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1. Introduction

1.1. Monitoring of local government operations

In the management context, monitoring refers to tracking the progress of planned activities to ensure they are on course for producing intended results. It helps any organization or individual successfully manage ongoing activities by identifying deficiencies or risks in implementation and taking necessary measures to put it back on track or minimize the risks before it becomes too late. It is therefore an essential management tool for both public and private organizations particularly for those responsible for producing results under time-bound plans.

What benefits can monitoring bring to a local government?

Monitoring is important and beneficial for local government institutions mainly in the following respects:

- 1) It increases the probability of success of their operations as well as specific activities and prevents or minimizes generation of an additional cost by making them aware of problems concerning ongoing work and dealing with those problems at an early stage;
- 2) It promotes their accountability to the public; and
- 3) It raises their satisfaction with the administration if citizens are involved in the monitoring processes and/or the results of monitoring are shared with citizens. Because most of public organizations are run mainly by public funds, it is their responsibility to ensure their operations/activities produce intended results at a minimum cost and to inform citizens of their progress.

Who monitors what aspects of local government?

The ways in which local government institutions are monitored vary from one country to another or, in some countries, even from one local government to another. But in general, their activities are monitored both internally and externally.

Internal actors in monitoring

Internally, there are roughly three categories of actors who internally monitor local government operations:

- 1) public representatives, collectively referred to as a council;
- 2) the governing body or the head of the executive (administrative) body; and
- 3) the manager/supervisor of each unit consisting it.

The governing body of local government institutions decides overall directions of the municipality by setting policies, development plans, the budget, etc., and monitors their implementation by the executive body to ensure delivery of intended results. The executive body of a local government institution is generally responsible for the implementation of decisions made in the council. The head of the executive body internally monitors the implementation process of council's decisions (policies, plans, budgets and other

decisions) as well as daily management of the institution's operations. Managers and supervisors under the head of the executive body monitor operations of their own unit to make sure that their unit is fulfilling their responsibilities in the implementation of council decisions.

External actors in monitoring

Externally, there are two categories of actors involved in monitoring of local government operations:

- 1) supervisory/regulatory authorities at a higher tier of the governing system of the country; and
- 2) the citizens of the municipality.

Local government institutions are supervised by local offices of the government or directly by the supervisory ministry and regulatory authorities.

In a democratic and decentralized system, generally citizens also have the right to monitor local government operations. The forms of monitoring vary between countries or even between local governments in the same country. There may be an official mechanism such as a committee of citizens organized under law or rules, or civil society groups may voluntarily watch the operations of local government through, for example, examining legally accessible information about their activities. Individual citizens may also listen to debates in council meetings if they are open to the public, or request information regarding council decisions.

1.2. Objective of the handbook on monitoring of Paurashava's operations

The operations of a local government are generally monitored at multiple levels by different stakeholders. In the Paurashava's context, it is the Paura Council that assumes overall responsibility for Paurashava's operations. This handbook aims to explain how the Council can monitor Paurashava's operations and what the role of each stakeholder is. It is difficult for the Council to do it alone. Initial work can be done by respective standing committees before discussions in Council meetings.

The areas for monitoring, mechanisms and steps are described in details in this handbook. The monitoring process described in this handbook can be adjusted by individual Paurashavas in a way that suits their context better. The handbook will be revised or updated by the Local Government Division in view of changes in relevant laws, rules and regulations or any other important changes in the context.

2. Scope and actors of monitoring of Paurashava's activities

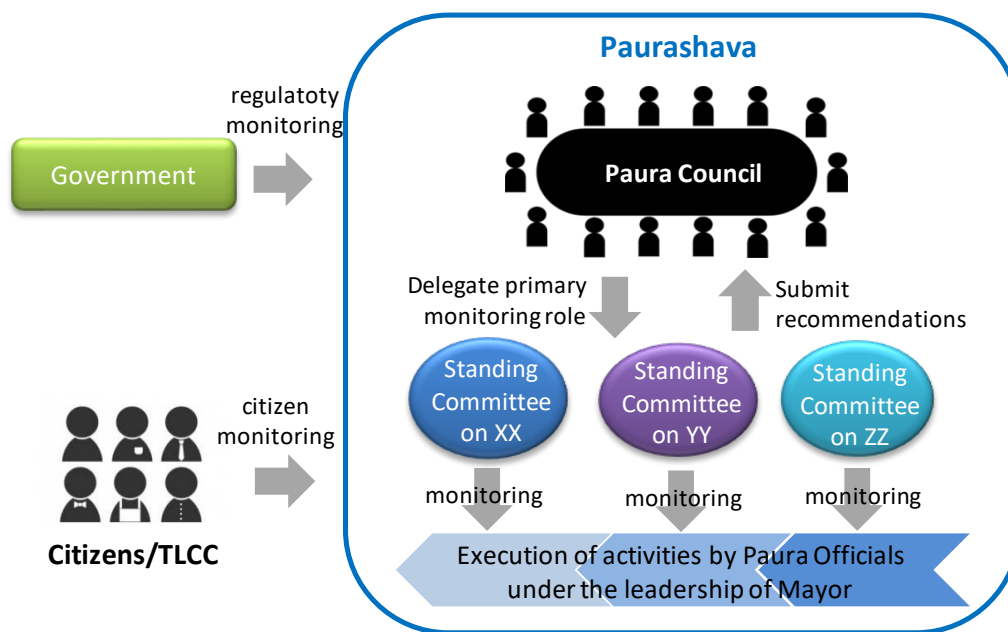
2.1. Different roles of actors in monitoring

Generally, local government's operations are monitored internally and externally by various actors so that it operates appropriately as a public institution. In the context of Paurashavas, three actors are supposed to monitor Paurashavas: elected representatives; the government; and citizen's representatives. Those three actors assume different roles in monitoring.

Elected representatives hold executive power of the Paurashava {Section 64 of the Local Government (Paurashava) Act 2009 (hereinafter referred to as "Paurashava Act 2009") and are primarily responsible for Paurashava's operations collectively as a council. Therefore the Council is supposed to internally ensure appropriate operations of their Paurashava. The Council is a decision-making body and meets only once a month to discuss a number of issues. For this reason, it delegate monitoring responsibility to relevant standing committees according to their areas of responsibility, and that those standing committees report the results with recommendations, if any, to the Council. In this way, the Council can focus on matters that require their decisions.

The government is responsible for making sure that local government institutions are operating in accordance with law, government's rules and regulations. It holds the authority to inspect Paurashava's activities and take measures if they find any action taken or to be taken by a Paurashava illegal, irregular, improper or against public benefit, or any duty not sufficiently performed (Section 83, 84, 86, 87 and 88 of the Local Government (Paurashava) Act, 2009). The Local Government Division of the Ministry of Local Government, Rural Development and Cooperatives serves as a regulatory authority for the government and monitors and inspects Paurashava's activities.

External monitoring by **citizens** is the most effective way to increase the effectiveness and efficiency of local government operations. The government made it mandatory for Paurashavas to form the Town Level Coordination Committee (TLCC) for the purpose of dialogue with citizens (Section 115 of Paurashava Act 2009 and Memo no. 258 issued by the Local Government Division on March 9, 2011). TLCC can monitor Paurashava's activities through discussions with council members.



Monitoring mechanism on Paurashava's activities

2.2. Scope of monitoring by the Council and standing committees

The activities of Paurashava can be roughly divided into two categories: activities to collect revenue; and activities to spend revenue for delivering services. Monitoring of those activities is the responsibility of the Council. Three important areas can be given priority in this regard: 1) tax collection; 2) budget execution; and 3) implementation of Paurashava development plan.

Since those activities are supposed to be carried out based on plans approved by the Council such as the annual budget and development plans, the Council has the responsibility to make sure that those activities are being implemented as planned.

In the monitoring of those activities, standing committees need to be involved to a great extent.

1) Tax collection

A Paurashava generates revenue from various kinds of taxes, rates and fees and also from donations. The Council can check collection from the major source of revenue under their control, namely the Paura tax, which consists of land and holding tax, lighting rate, conservancy rate and water rate. The amount of revenue from those sources greatly affects the operations of the Paurashava and it is therefore important for the Council to take action to achieve their target.

2) Budget execution

For the efficient and proper use of revenue, it is essential to check whether available funds are spent on intended purposes and within planned amounts. Because the Council approves the annual budget, which summarizes such purposes and amounts based on a projection of revenue, they are also responsible for the execution of the approved budget.

In other words, it is the duty of the Council to make sure that the funds are spent according to the agreed budget and, if necessary, to make adjustments in it in the form of revised budget.

3) Implementation of Paurashava development plan

As a local government, a Paurashava is expected to develop the area of their jurisdiction based on a long and/or medium term basic plan which is commensurate with their financial capacity and approved by the Council. Such a plan can specify the development works and other activities the Council intends to do for a specified period, generally for their term. It serves as a core document of the Paurashava and it is the responsibility of the Council to ensure its proper implementation. The monitoring of the execution status of individual works and activities specified in the development plan is very important in this regard.

2.3. Scope of monitoring by Town Level Coordination Committee

The Town Level Coordination Committee (TLCC) is an official mechanism for a Paurashava to listen to the voices of the people of the area about the activities of the Paurashava in order to reflect those voices in their operations as much as they can. The Local Government Division, in its memo No. 258 of March 9, 2011, defined matters to be discussed in the meetings of TLCC, which include development plan preparation, tax assessment and collection, service delivery, development works, governance improvement, citizen's involvement in their activities, and activities of standing committees.

Therefore, TLCC members need to be informed about the progress regarding those matters. Through such information sharing, they can monitor the operations of the Paurashava and voice their opinions about them. Discussions in TLCC meeting should be based primarily on plans such as the annual budget and a Paurashava development plan, on the condition that those plans were prepared in consultation with TLCC. The Paurashava can report the progress of their activities vis-à-vis their plans, while TLCC can check if their activities are moving forward in accordance with plans prepared in consultation with the residents. In this way, TLCC can serve as a platform for the improvement of Paurashava's operations rather than a mechanism to receive complaints and demands of the residents.

2.4. Scope of monitoring by the government

Based on the power conferred by Section 84 of Paurashava Act 2009, the government can depute its officer to inspect and examine any department, service and development activity, construction work or property of Paurashavas. The government can monitor Paurashavas' operations through such inspection and examination of any document of Paurashavas. Paurashavas are obliged to provide requested documents and to give necessary assistance to inspecting officers. The following officers are responsible for inspection of Paurashavas according to the Paurashava (inspections) Rules 2002:

Government officers responsible for inspection of Paurashavas

Inspecting officer	Paurashavas he/she can inspect	Timing and frequency of inspection
Any officer of the Local Government Division	Any Paurashava	Any time
Divisional commissioner, additional commissioner, deputy commissioner, or any other officer authorized by them	Any Paurashava in the administrative area of he/she is responsible for.	Any time
Director Local Government (DLG) or Deputy Director Local Government (DDLG)	Any Paurashava of A category in the administrative area he/she is responsible for and any other Paurashava if necessary	At least twice a year
Any officer or officers or a team of officers appointed by the government	Paurashavas of B and C category in a relevant district	At least once in every three months

The said rules specify the documents/matters that inspecting officers can inspect as follows:

- Any book, register, minutes of a meeting and record of the Paurashava;
- Petty cash;
- Bank deposit slip for verification of Paurashava fund and updated bank statement for verification of bank balance;
- Any documents regarding income and expenditure of the Paurashava;
- Whether the activities of the Paurashava have been conducted in accordance with Paurashava Act 2009, orders, directions and circulars of the government;
- Service profile of officers and staff of the Paurashava;
- Whether any staff member is appointed in accordance with relevant rules;
- Any permanent assets of the Paurashava; and
- All sorts of tasks and works either implemented or under implementation by the Paurashava.

The inspecting officer informs the government of any issues identified through inspection and provides recommendations on them. He/she also prepares a report with recommendations and submits a copy to the government and Mayor or Deputy Commissioner of the concerned district. In the case of officer(s) appointed by the government to inspect B and C category Paurashavas, a copy is sent to Deputy Director Local Government and Deputy Commissioner, in addition to the above-mentioned addressees.

The Local Government Division also evaluates the performance of each Paurashava mainly on their management, revenue collection, project management and services based on the information they collect through examination of documents and interviews with officials and local people. The results of their evaluation are sent to the Local Government Division with comments on strong points, weak points and recommendations. The table below lists the items they evaluate.

Evaluation items specified in LGD evaluation form

Areas	Evaluation item
1. Office management	<ul style="list-style-type: none"> a) Observation of monthly meeting b) Discussion of important topics in monthly meeting c) Minutes of meeting d) Programs of different standing committees e) Disseminate different information in notice board f) Registers: attendance register; postal register; issued letter register; received letter register; meeting minutes register; inspection books; stock of receipt book issuance register; permanent asset transfer tax collection receipt book; other demand and collection register g) Birth-death register h) Guard file
2. Project implementation-related	<ul style="list-style-type: none"> a) Construction and procurement of project b) Project implementation c) Tender committee d) Sector-wise distribution of projects
3. Citizen services	<ul style="list-style-type: none"> (1) Water supply (2) Water receiving facility (3) Street light (4) Sanitation system (5) Cleanliness (6) Quality control of food (7) Mosquito killing (8) Tree plantation and preservation (9) Primary health care (10) Drainage facilities
4. Participation of female councilors	<ul style="list-style-type: none"> a) Presence and participation in decision-making
5. Tax-related	<ul style="list-style-type: none"> a) Tax assessment according to model-tax schedule 2014 b) Tax collection c) Taking lawful measures during tax collection d) Own revenue income e) Tax collection of elected representatives and people engaged in profitable work
6. Annual accounts	<ul style="list-style-type: none"> a) Bank accounts management b) Salary of officers and staff c) Cashbook d) Voucher preservation e) Audit objection

3. Process of monitoring by the Council and standing committees

3.1. Tax collection and revenue surplus

3.1.1. Objective of monitoring of tax collection

Tax collection is an essential task of Paurashavas. Payment of salary to officers and staff of Paurashava and service delivery to citizens depend on tax revenue. Taxes as well as rates and fees are important sources of fund also for development works and other services because revenue surplus (i.e. revenue income – revenue expenditure) can be spent on those activities as being practiced by most Paurashavas. Given the importance of tax collection, Paurashava Act 2009 grants the government authority to suppress a Paurashava if it fails to collect 75% of the assessed total annual taxes, sub-taxes, rates, tolls and fees (Section 49 of Paurashava Act 2009).

Monitoring is an effective tool to secure tax collection because it allows the Council to be aware of the status of tax collection and take necessary countermeasures, such as tax collection campaign and promotion activities by councilors in each ward, if the progress of collection is slower than planned. By making sure that a planned amount of income is generated from taxes, the Paurashava can implement planned works and other activities shown in the annual budget and development plans.

3.1.2. Roles of actors involved in monitoring of tax collection

Generally, multiple actors are involved in monitoring of tax collection. Whilst the Council and the Standing Committee on Tax Assessment and Collection assume monitoring responsibility at the decision-making level, Chief Executive Officer and Secretary, in consultation with Mayor, play the major role at the operational level. The role of each actor is described below.

Operational level

Mayor

Mayor assumes the primary responsibility for the performance of officers and staff members of the Paurashava. The imposition of taxes is also one of his/her duties and responsibilities specified in the Special Benefits, Duties and Responsibilities of Mayor and Councilors (Honorarium of Mayor and Councilors) Rules 2010. He/she should therefore regularly reported about the progress of tax collection so that he/she can give necessary directions to relevant officers or take action to increase the collection.

Chief Executive Officer (CEO)

CEO is the top executive officer of a Paurashava and supervises the activities of all divisions. He/she is therefore supposed to monitor tax collection based on reporting from the Secretary and report to Mayor, and to provide administrative directions to Secretary and the Tax Collection and License Section in consultation with Mayor, if necessary. He/she

also explains the status of tax collection quarterly to the Standing Committee on Tax Assessment and Collection, the Council and TLCC, and the performance of tax collection of the year annually to the Council.

Secretary

Secretary, as the head of the Administrative Division, supervises and monitors the day-to-day activities of sections under the division. Therefore it is his/her duty to keep track of the progress of tax collection by the Tax Collection and License Section and, in the absence of CEO, to provide administrative directions to the section in consultation with Mayor, if necessary.

Tax Collection and License Section

The Tax Collection and License Section compiles tax collection data monthly, quarterly and annually.

Decision-making level

Council

The Council monitors tax collection through reporting from the Standing Committee on Tax Assessment and Collection. They discuss issues raised by the standing committee including their recommendations and make the final decision on actions to be taken. The Council also evaluates tax collection performance of the year in order to improve tax collection in the following year.

Standing Committee on Tax Assessment and Collection

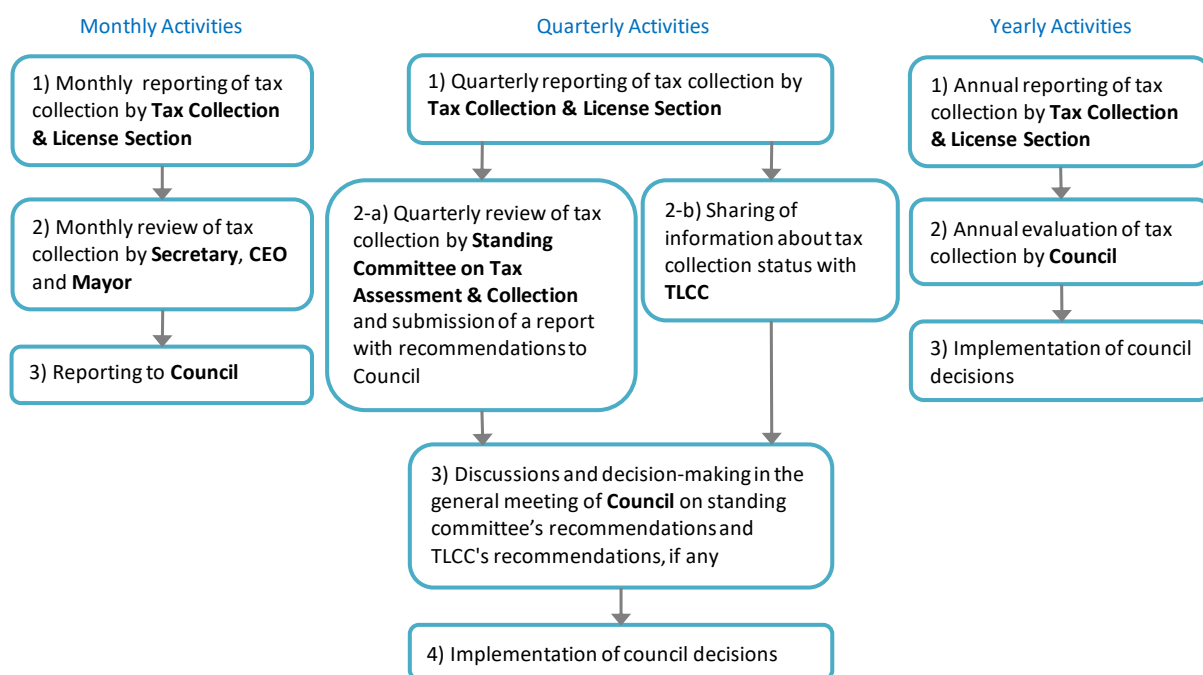
This handbook proposes that the standing committee monitor the progress of tax collection. The composition and scope of work of standing committees are prescribed in the model by-law (memo no. 46.063.022.00.001.2012 (Part-3)-07 dated 02-01-2013) issued by the Local Government Division (See the box below). The standing committee can review the progress of tax collection and report the results to the Council with recommendations on actions to be taken, if any.

**Activities of the Standing Committee on Tax Assessment and Collection
specified in model by-law**

1. Make recommendations to follow various strategies in the assessment and collection of taxes, sub-taxes, rates, tolls, fees and taxes from other sources.
2. Advise concerned staff members to apply tax assessment rules in accordance with government policy.
3. Give opinions on tax exemption, tax repeal and tax finalization.
4. Encourage officials responsible for tax assessment and collection.
5. Motivate people to pay taxes in time.
6. Assist and guide concerned persons for continuation of interim tax assessment programme.
7. Arrange training for concerned officials on tax database preparation and updating.
8. Monitor tax collection programme, set the target of tax collection and review the status of tax collection.
9. Make a quick decision to settle tax related petitions after proper hearing.
10. Play a role to bridge the gap between the Paurashava and the residents with regard to tax payment and service delivery.
11. Find out new sources of tax in order to increase revenue collection.
12. Take necessary measures for ensuring transparency and accountability in tax assessment and collection.
13. Introduce and maintain computer software for tax collection with the Paurashava's own fund.

3.1.3. Process of monitoring of tax collection

Tax collection should be monitored at several levels and on a regular basis. This handbook proposes the monitoring steps shown in the flowchart below.



Steps of monitoring of tax collection

Monthly activities

1) Monthly reporting of tax collection by the Tax Collection and License Section

At the end of every month, the Tax Collection and License Section compiles the total amount and efficiency (%) of tax collection (arrear, current and total) of the month into the *Quarterly and Annual Statement of Tax Collection* sheet and submits it to Secretary. Since there is no commonly used form for the Quarterly and Annual Statement, Paurashavas can use any form for this purpose. Those Paurashavas which cannot produce such a statement through a computerized tax collection management system may want to use the form below, which is recommended in the Operational Manual on Paurashava Tax Collection prepared under SPGP. How to fill in the form is explained in detail in the manual.

An example of form for Quarterly and Annual Statement of Tax Collection

	Total Demand of the year	Jul	Aug	Sep	Total 1st Q	...	Total of the year
Ward 1							
Arrear	50,000	2,000	5,000	4,000	11,000		
Current	75,000	5,000	10,000	8,000	23,000		
Total	125,000	7,000	15,000	12,000	34,000		
(Efficiency)					(27.2%)		
Ward 2							
Arrear	70,000	5,000	7,000	8,000	20,000		
Current	80,000	9,000	13,000	14,000	36,000		
Total	150,000	14,000	20,000	22,000	56,000		
(Efficiency)					(37.3%)		
Ward 3							
...							
Total							
Arrear	600,000	30,000	40,000	40,000	110,000		
Current	800,000	35,000	90,000	80,000	205,000		
Total of the month	1,400,000	65,000	130,000	120,000	315,000		
(Efficiency)					(22.5%)		

2) Monthly review of tax collection by Secretary, CEO and Mayor

In the beginning of every month, Secretary reviews the progress of tax collection comparing (i) the collected amount and collection efficiency (i.e. the total amount collected / the annual demand) in the previous month summarized in the *Quarterly and Annual Statement of Tax Collection* sheet and (ii) targets on collection amount and efficiency. He/she reports the results of the review to CEO or, in its absence, to Mayor. CEO or, in its absence, Secretary in consultation with Mayor provides directions to concerned officers if required.

Tips

It is recommended that the Council set quarterly targets to monitor tax collection properly. Quarterly targets can be fixed either in collection amount or collection efficiency (%)

Key points to be examined monthly

- ✓ Collected amount - Is it a reasonable level for this time of year in view of the quarterly target (or the amount planned in the annual budget)?
- ✓ Collection efficiency of the period up to the end of the month – Is tax collection progressing at a moderate pace to meet the quarterly target (or the target for the fiscal year)?

3) Reporting to the Council

CEO, or in his/her absence, Secretary reports the status of tax collection to the Council in its general meeting.

Quarterly activities

1) Quarterly reporting of tax collection by the Tax Collection and License Section

At the end of the first, second and third quarter, the Tax Collection and License Section compiles the total amount and efficiency (%) of tax collection (arrear, current and total) of the quarter into the *Quarterly and Annual Statement of Tax Collection* sheet and submits it to Secretary. Secretary submits it to CEO or, in its absence, to Mayor, and to the Standing Committee on Tax Assessment and Collection for their review.

2-a) Quarterly review of tax collection by the Standing Committee on Tax Assessment and Collection and submission of a report with recommendations to the Council

The standing committee holds a meeting after receiving the *Quarterly and Annual Statement of Tax Collection* sheet to review the status of tax collection. In the meeting, CEO or, in its absence, Secretary explains the status of tax collection (a collected amount and collection efficiency) and any measures taken in the quarter. The standing committee checks on the implementation status of the related decisions made by the Council in the last quarter. The standing committee then discusses whether any further action needs to be taken and, if appropriate, makes recommendations to the Council. Examples of recommendations may be:

- To conduct a Paurashava-wide tax collection campaign in cooperation with TLCC and Ward Committees;
- To purchase a few computers and communicate with the Urban Management Unit of the Local Government Engineering Department (LGED) for installation of a tax management software and training on it.

Key points to be examined quarterly

- ✓ Collected amount – Has it met the quarterly target? Is it a reasonable level for this quarter of year in view of the amount planned in the annual budget? If not, is it necessary to take action for improvement?
- ✓ Collection efficiency – Has it met the quarterly target? Is it reasonable for this quarter of the year in view of the target for the fiscal year? If not, is it necessary to take action for improvement?

2-b) Sharing of information about tax collection status with TLCC

CEO or, in its absence, Secretary shares information about the status of tax collection with the members of TLCC in its meetings. He/she explains the status of tax collection (a collected amount and collection efficiency) and any measures taken in the quarter as well as any action that the Council decided to take. If TLCC makes any recommendation to the

Paurashava regarding tax collection, it needs to be considered by the Paurashava. TLCC will follow up on it in its next meeting.

3) Discussions and decision-making in the general meeting of the Council on the standing committee's recommendations and TLCC's recommendations, if any

In the general meeting of the Council, CEO or, in its absence, Secretary explains the status of tax collection (a collected amount and collection efficiency) and any measures taken in the quarter. The Standing Committee then reports to the Council about the results of their review of tax collection status along with their recommendations, if any. The Council discusses the recommendations and makes a decision on what should be done by when. Examples of decisions may be:

- A Paurashava-wide tax collection campaign shall be organized with the participation of Mayor and all Councilors within two months;
- Councilors shall discuss the matter with the members of respective Ward Committees and carry out some activities in cooperation with them to increase tax collection in their ward; and
- Mayor shall communicate with the Urban Management Unit of LGED for the installation of a computerized tax management system and training of concerned officers. Besides, CEO, in its absence, Secretary will propose a schedule and budget required for it in the next general meeting for further discussions.

The Council also discusses recommendations of TLCC, if any, and make necessary decisions.

4) Implementation of council decisions

CEO or, in its absence, Secretary, in consultation with Mayor, takes necessary steps to implement the decisions made in the general meeting within a specified time. The Council checks the implementation status of those decisions in the following council meeting(s).

Annual activities

1) Annual reporting of tax collection by the Tax Collection and License Section

At the end of the fiscal year, the Tax Collection and License Section compiles the total amount and efficiency (%) of tax collection (arrear, current and total) of the year into the *Quarterly and Annual Statement of Tax Collection* sheet and submits it to Secretary. Secretary submits it to CEO or, in its absence, to Mayor, and to the Council.

2) Annual evaluation of tax collection by the Council

CEO or, in its absence, Secretary explains the annual performance of tax collection (a collected amount and collection efficiency) and action taken in the previous fiscal year in the Council meeting.

The Council members then discuss and evaluate the performance of tax collection of the

previous year mainly from the following perspectives.

Key points in evaluating the annual performance of tax collection

- ✓ Level of achievement of targets – Are the targets on collection amount and efficiency met?
- ✓ Appropriateness and efficiency of collection activities – Did the Tax Collection and License Section carry out collection activities as planned? If not, what are the reasons?
- ✓ Impact of actions taken – Were the actions taken to increase collection during the year effective?

Based on the evaluation, the Council discusses and makes decisions, if necessary, on action to be taken for improvement of tax collection performance in the current fiscal year. Below are examples of decisions:

- A Paurashava-wide tax collection campaign shall be organized in the second quarter with the participation of Mayor and all Councilors;
- The manpower for tax collection shall be enhanced in XX quarter by engaging some officers of other sections in collection activities as well as hiring some temporary staff;
- Mayor shall submit a petition to the Local Government Division about non-payment of government holdings within the Paurashava.

3) Implementation of council decisions

CEO or, in its absence, Secretary, in consultation with Mayor, takes necessary steps to implement decisions made in the general meeting within a specified time. The Council checks the implementation status of those decisions in the following council meeting(s).

3.2. Budget execution

3.2.1. Objective of monitoring of budget execution

The annual budget of a Paurashava is an official plan of the Council about how they will collect revenue and spend their annual revenue in that fiscal year. It helps the Paurashava maintain the balance between revenue and expenditure and also manage expenditures for planned purposes and within a planned limit. Because it is a fundamental financial management tool for Paurashava, the annual budget should properly reflect the circumstances of the Paurashava. If the initial budget is found difficult to execute because of changes in circumstances, it should be revised.

In order to properly execute the annual budget, in other words, efficiently and effectively spend available funds in accordance with it, monitoring is essential. In fact, it is a general practice of any public and private organization to monitor the execution of their annual budget. In the case of public organizations, monitoring of budget execution is imperative

because they are accountable to the public as to how the public fund of the year is being spent. The monitoring of budget execution also serves as a tool to check if spending is in accordance with laws, rules and regulations. If the budget is revised, the latest revised budget should be used for a basis of monitoring.

3.2.2. Roles of actors involved in monitoring of budget execution

Multiple actors are involved in monitoring of budget execution. The Council, after the monitoring and recommendations of the Standing Committee on Accounting and Audit, is responsible at the decision-making level on one hand, and Mayor, CEO and Secretary monitor it at the operational level. The role of each actor is described below.

Operational level

Mayor

Mayor, as the head of the executive, should regularly monitor the status of budget execution, i.e., actual revenue and expenditure in comparison to the annual budget and give necessary directions to its officers based on it.

Chief Executive Officer

CEO is responsible for execution of expenditures on behalf of the Paurashava and therefore needs to periodically review budget execution based on reporting from Secretary and report to Mayor. He/she then provides administrative directions to Secretary and relevant sections to correct problems in budget execution and, if necessary, modify execution plans in consultation with Mayor. He/she also quarterly explains the status of budget execution to the Standing Committee on Accounting and Audit, the Council and TLCC and annually the results of budget execution to the Council and TLCC.

Secretary

Secretary, as the head of the Administrative Division, makes sure that monthly, quarterly and annual financial statements were appropriately prepared by the Accounts Section and explains them to CEO. In the absence of CEO, Secretary also assumes the responsibilities of CEO described above.

Accounts Section

The Accounts Section compiles income and expenditure information monthly, quarterly and annually.

Decision-making level

Council

The Council monitors budget execution through reporting from the Standing Committee on Accounting and Audit. They discuss issues raised by the standing committee including their recommendations and make a decision on actions to be taken. The Council also evaluates budget execution of the fiscal year in order to improve budget execution in the following

year and budget preparation for the next year.

Standing Committee on Accounting and Audit

This handbook proposes that the standing committee play the major role in monitoring budget execution. The composition and scope of work of the standing committee are given in the model by-law (memo no. 46.063.022.00.001.2012 (Part-3)-07 dated 02-01-2013) issued by the Local Government Division and monitoring of budget execution is within the scope of work of the standing committee (See the box below). Monitoring of budget execution is defined as part of the activity “Assist all in proper maintenance of all Paurashava accounts” in the model by-law.

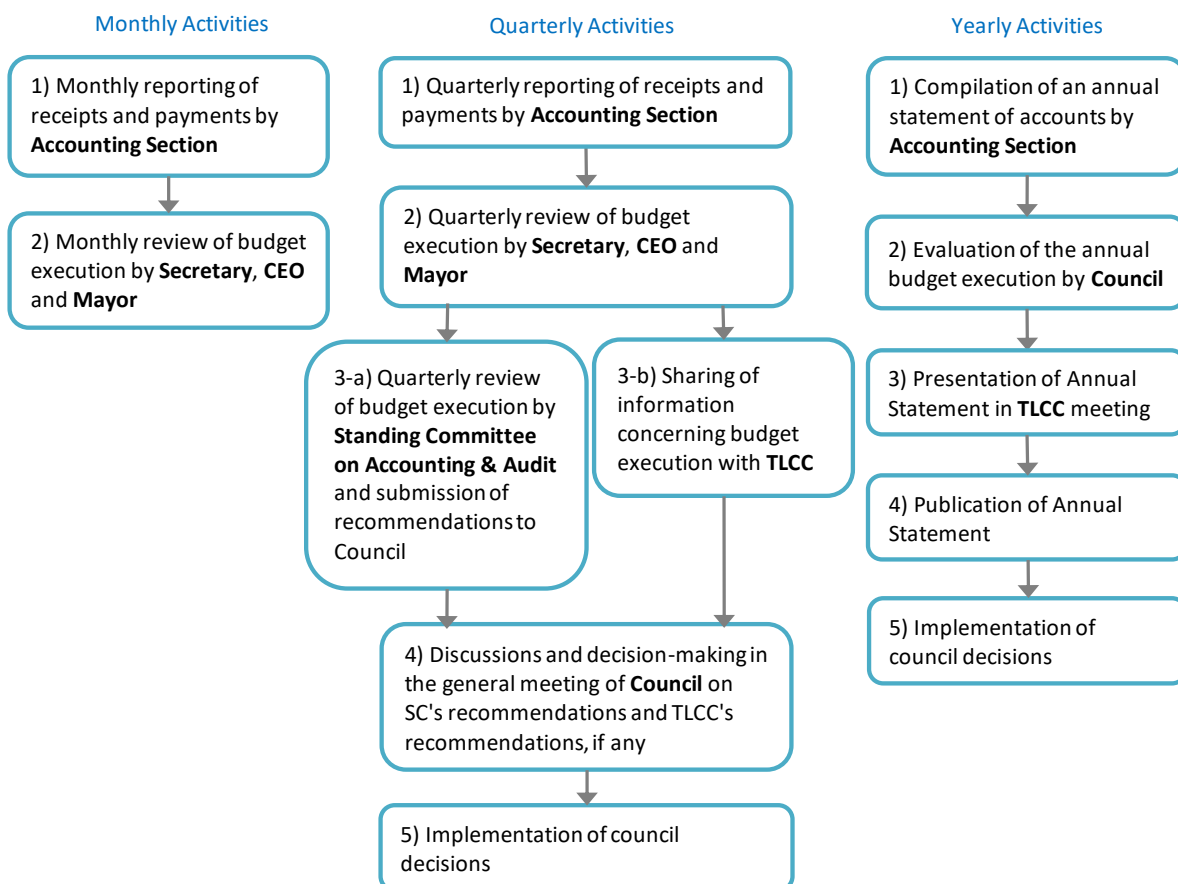
**Activities of the Standing Committee on Accounting and Audit
specified in model by-law**

1. Assist all in proper maintenance of all Paurashava accounts
2. Regularly check the collection and deposit accounts
3. Ensure that all activities of municipal are run as per government guidelines
4. Assist all in publishing all accounts to public to ensure transparency and accountability
5. Audit the accounts annually and present the report on annual general meeting
6. Assist the accounts section in planning and implementation of computerization of accounting
7. Conduct internal audit after periodic interval
8. If there is computer software for accounts, use it regularly
9. The Committee may co-opt the District or Sub-District accountants officer for district level Paurashavas and Upazila accounts officer for other Paurashavas as an expert member
10. Other relevant issues

The standing committee regularly discusses the progress of budget execution and report to the Council with recommendations on actions that should be taken, if any.

3.2.3. Process of monitoring of budget execution

Budget execution should be monitored at several levels and on a regular basis. This handbook proposes the steps shown in the flowchart below.



Steps of monitoring of budget execution

Monthly activities

1) Monthly reporting of receipts and payments by the accounts section

At the end of every month, the Accounts Section enters the total amount of receipts and payments of the month by budget item on the *Quarterly and Annual Account of Receipts and Payments* form, and submits it to Secretary. The form consists of “Receipts” part and “Payments” part as shown below, which are prescribed in the Bengal Municipal Account Rules 1935. It has to be prepared for each account of revenue account (Part 1 and Part 2), development account and capital account. How to fill in the form is explained in detail in *Operational Manual on Paurashava Accounting and Budget Execution* prepared under SPGP.

Form for Quarterly and Annual Account of Receipts and Payments

Quarterly and Annual Account of Receipts (Revenue Account Part-1)

Head of receipt	Budget estimate	Jul	Aug	Sep	Total 1 st Q	....	....	Total 4 th Q	Total of the year
1	2	3	4	5	6	...	...	20	21
Tax on holding and land	20,00,000	40,000	50,000	60,000	1,50,000			7,00,000	18,00,000
Transfer of immovable property	50,00,000	1,00,000	2,00,000	4,00,000	7,00,000			18,00,000	45,00,000
...
...
...
Total receipt	1,50,00,000	2,00,000	4,00,000	6,00,000	12,00,000	...	...	48,00,000	1,38,00,000
Opening balance	15,00,000	20,000	30,000	20,000	30,000	...	...	1,00,000	40,000
Total	1,65,00,000	2,20,000	4,30,000	6,20,000	12,30,000	...	...	49,00,000	1,28,40,000

Quarterly and Annual Account of Payments (Revenue Account Part-1)

Head of expenditure	Budget estimate	Jul	Aug	Sep	Total 1 st Q	....	....	Total 4 th Q	Total of the year
1	2	3	4	5	6	...	...	20	21
Honorarium for Mayor and Councilors	7,56,000	63,000	63,000	63,000	1,89,000	....	....	1,89,000	7,56,000
Salary of staff	43,00,000	3,00,000	3,00,000	3,00,000	9,00,000			12,00,000	42,00,000
...
...
...
Total expenditure	1,10,00,000	5,00,000	5,00,000	6,00,000	16,00,000	....	....	38,00,000	1,00,00,000
Closing balance	1,00,000	30,000	20,000	40,000	30,000	....	....	20,000	50,000
Total	1,11,00,000	5,30,000	5,20,000	6,40,000	16,30,000	....	....	38,20,000	1,00,50,000

2) Monthly review of budget execution by Secretary, CEO and Mayor

Secretary ensures the accuracy of Quarterly and Annual Account of Receipts and Payments by checking:

- The consistency of the total amounts of receipts and payments shown in the *Quarterly and Annual Account of Receipts and Payments* form with that shown in accountant's cashbooks and abstract registers;
- The consistency of the total amount shown in the *Quarterly and Annual Statement*

of Tax Collection and the amount of tax on holding and land shown in the Quarterly and Annual Accounts of Receipts and Payments.

Secretary then reviews the status of budget execution by comparing the amount of actual receipts and payments for each head to the annual budget for the same head. He/she reports the results of the review to CEO or, in its absence, to Mayor. CEO or, in its absence, Secretary in consultation with Mayor provides directions to concerned officers to cope with any identified problem with budget execution, if required. The key points to be examined in the review are given in the box below.

Key points to be examined monthly

- ✓ Is the expenditure for each expenditure head within an approved budget for that head?
- ✓ Is the Establishment expenditure likely to be kept within 50% of revenue income at the end of the fiscal year?
- ✓ Is the revenue from taxes, rates and fees is being accrued at a pace to reach the budget estimate by the end of the fiscal year?
- ✓ Is revenue surplus being accumulated at a pace to reach the budget estimate by the end of the fiscal year?

* "Establishment expenditure" refers to expenditures for honoraria, salaries of officers and staff (except for water supply section employees), transfer to the gratuity fund, transport repair and fuel, telephone bills, electricity, and contingency expenses

Quarterly activities

1) Quarterly reporting of receipts and payments by the accounts section

At the end of the first, second and third quarter, the Accounts Section enters the total amount of receipts and payments of the quarter by budget item on the Quarterly and Annual Account of Receipts and Payments form, and submits it to Secretary.

2) Quarterly review of budget execution by Secretary, CEO and Mayor

In the beginning of every quarter, Secretary reviews the status of budget execution. He/she then reports the results of the review to CEO or, in its absence, to Mayor and submits the Quarterly and Annual Account of Receipts and Payments form to the Standing Committee on Accounting and Audit.

3-a) Quarterly monitoring of budget execution by the Standing Committee on Accounting and Audit and submission of recommendations to the Council

The standing committee holds a meeting after receiving the Quarterly and Annual Account of Receipts and Payments to review the status of budget execution. In the meeting, CEO or, in its absence, Secretary reports:

- (a) The status of budget execution (an execution rate, reasons for the low/high execution rate, any deviations from the annual budget and their reasons, etc.) and their execution plans for the next quarter;

- (b) The status of revenue collection (a ratio of the collected amount to the amount estimated in the annual budget, reasons for insufficient/sufficient collection, etc.) and their collection plans for the next quarter;
- (c) The status of revenue surplus accumulation (the amount accumulated, a projection of the amount to be accumulated in the remaining period of the fiscal year, etc.)

The members of the Standing Committee discuss and properly understand the budget execution status. The key points to be examined by the standing committee are described in the box below.

Key points to be examined quarterly

- ✓ –Is the expenditure for each head within an approved budget for that head?
- ✓ Is the establishment expenditure likely to be kept within 50% of revenue income at the end of the fiscal year?
- ✓ Is the revenue from taxes, rates and fees at a reasonable level for this quarter of the year in the light of the amount estimated in the annual budget?
- ✓ Is the revenue surplus amount estimated in the annual budget still reachable by the end of the fiscal year?
- ✓ Was any expenditure made outside the approved budget or outside appropriations of the budget?
- ✓ Is the annual budget being executed or in a required pace to complete the execution by the end of the fiscal year?

If any problem is found as a result of the monitoring, the standing committee discusses whether any action needs to be taken to solve or mitigate the problem and makes recommendations to the Council if required. Below are some examples of recommendations:

- Stop the recruitment of new staff temporarily in order to keep salary expenditure within an estimated amount;
- Start the planned XX drain construction project within the current quarter; and
- Revise the annual budget in order to make it fit the current needs of the Paurashava.

Annual budget revision

The revision of the annual budget should be recommended generally under the following circumstances:

- ✚ The Paurashava has received funding from the government or any other sources for a project(s) not included in the annual budget;
- ✚ Expenses other than those on the above projects, which are not included in the annual budget, are required;
- ✚ The project(s)/activity(s) included in the annual budget are not likely to be implemented by the end of the fiscal year;
- ✚ There is a significant gap between the budgetary estimate and actual income and/or expenditure.

3-b) Sharing of information concerning budget execution with TLCC

In the meeting of TLCC, CEO or, in its absence, Secretary shares information about budget execution with the members of TLCC. Such information may include:

- (a) The progress of budget execution (an execution rate, reasons for the low/high execution rate, any deviations from the annual budget and their reasons, etc.);
- (b) The progress of revenue collection (a ratio of the collected amount to the amount estimated in the annual budget, reasons for insufficient/sufficient collection, etc.);
- (c) The status of revenue surplus accumulation (the amount accumulated, etc.)
- (d) Measures taken to to accelerate budget execution.

If TLCC makes any recommendation to the Paurashava to accelerate budget execution, it needs to be considered by the Paurashava. TLCC will follow up on it in its next meeting.

4) Discussions and decision-making in the general meeting of the Council on the standing committee's recommendations and TLCC's recommendations, if any

In the general meeting of the Council, CEO or, in its absence, Secretary explains:

- (a) The progress of budget execution (an execution rate, reasons for the low/high execution rate, any deviations from the annual budget and their reasons, etc.) and their execution plans for the next quarter;
- (b) The status of revenue collection (a ratio of the collected amount to the amount estimated in the annual budget, reasons for insufficient/sufficient collection, etc.) and their collection plans for the next quarter;
- (c) The status of revenue surplus accumulation (the amount accumulated, a projection of the amount to be accumulated in the remaining period of the fiscal year, etc.)

The standing committee then reports to the Council about the results of their review of budget execution status along with their recommendations if any. The Council discusses the recommendations and makes a decision on what should be done. Below are examples

of decisions:

- No new staff shall be recruited for the next six months;
- Tenders shall be invited for the planned XX road repair project and YY drain construction project within the month to launch the project by the end of the current quarter; and
- CEO shall prepare a draft revised budget in consultation with Mayor and the standing committee on establishment and finance and present it in the next general meeting for discussions.

The Council also discusses recommendations of TLCC, and make necessary decisions.

5) Implementation of council decisions

CEO or, in its absence, Secretary, in consultation with Mayor, takes necessary steps to implement decisions made in the general meeting within a specified time. The Council checks the implementation status of those decisions in the following council meeting(s).

Annual activities

1) Compilation of an annual statement of accounts by the Accounts Section

After the closing of the fiscal year, the Accounts Section compiles the total amount of receipts and payments by budget item into an annual statement of accounts. An annual statement of accounts shows financial results of the fiscal year with information by budget head regarding (1) budgeted amount (estimate), (2) result amount (actual) and (3) the difference between (1) and (2). The form provided in the Bengal Municipal Account Rules 1935 is shown below. How to fill in the forms is explained in detail in the *Operational Manual on Paurashava Accounting and Budget Execution* prepared under SPGP.

Form for Annual Statement of Accounts

Annual account of XX Paurashava for the year ending YY

(a) Revenue Account

Part-1

Receipts				Disbursements			
Revenue	Estimate	Actual	Estimate - Actual	Expenditure	Estimate	Actual	Estimate - Actual
1	2	3	4 (2-3)	5	6	7	8 (6-7)
1. Taxes				1. General establishment			
Tax on holding and land	Honorarium of Mayor and Councillors	...	.....	.....
Transfer of immovable property	Salary of staff	...	.....	.....
.....
.....
Total of Receipts	Total of Expenditure	...	.....	.....
Opening balance	Closing balance	...	.....	.....
Total	Total	...	.....	.....

Part-2

Receipts				Disbursements			
Revenue	Estimate	Actual	Estimate - Actual	Expenditure	Estimate	Actual	Estimate - Actual
1	2	3	4 (2-3)	5	6	7	8 (6-7)
Water tax	Salary and allowances of water section employees	.....	.....	.....
.....
.....
Total of Receipts	Total of Expenditure	.....	.....	.....
Opening balance	Closing balance	.....	.....	.....
Total	Total	.....	.....	.....

(b) Development Account

Receipts				Disbursements			
Revenue	Estimate	Actual	Estimate - Actual	Expenditure	Estimate	Actual	Estimate - Actual
1	2	3	4 (2-3)	5	6	7	8 (6-7)
Government Aid				Infrastructure			
.....	Road construction	.....	.....	.....
.....
.....
Total of Receipts	Total of Expenditure	.....	.....	.....
Opening balance	Closing balance	.....	.....	.....
Total	Total	.....	.....	.....

(c) Capital Account

Receipts				Disbursements			
Revenue	Estimate	Actual	Estimate - Actual	Expenditure	Estimate	Actual	Estimate - Actual
1	2	3	4 (2-3)	5	6	7	8 (6-7)
Loan received	Loan repayment	.....	.....	.....
.....
.....
Total of Receipts	Total of Expenditure	.....	.....	.....
Opening balance		Closing balance	.....	.....
Total		Total	.....	.....

In order to keep proper accounts, the Accounts Section make a summary of the above information to show the overview of the results of budget execution of the fiscal year. An example of such a summary is given below. Because there is no prescribed form for this purpose, the Paurashava can prepare a summary in their own way.

An example of summary of budget execution

Particulars	Estimate-Tk.	Actual-Tk	Estimate - Actual -Tk.
A. Revenue account			
Income from Part-1	1,250,000	1,190,000	+60,000
Income from Part-2	800,000	790,000	+10,000
Total income :	2,050,000	1,980,000	+70,000
Less: Revenue expenditure			
Part-1	750,000	700,000	+50,000
Part-2	626,000	600,000	+26,000
Total expenditure:	1,376,000	1,300,000	+76,000
Total revenue surplus	674,000	680,000	-6,000
B. Development account			
Government grant	1,000,000	900,000	+100,000
Revenue surplus	674,000	680,000	-6,000
Others	-	-	
Total income:	1,674,000	1,580,000	+94,000
Less: Development expenditure	1,520,000	1,500,000	+20,000
Overall surplus/shortage	154,000	80,000	+74,000
Add: Opening balance	36,000	36,000	0
Closing balance:	190,000	116,000	+74,000
C. Capital account			
Total income :	50,000	40,000	+10,000
Total expenditure :	40,000	30,000	+10,000
Closing balance:	10,000	10,000	0

Secretary ensures the consistency of information between the annual statement of accounts and the Quarterly and Annual Account of Receipts and Payments and submits the annual statement to CEO or, in its absence, to Mayor.

2) Evaluation of the annual budget execution by the Council

CEO or, in its absence, Secretary presents the annual statement of accounts in the Council meeting. The annual statement should be sent to the Council members well in advance. The following matters should be explained in the meeting:

- A summary of incomes and expenditures of each account (revenue account, development account and capital account) and reasons for the difference between estimated amount (in the original budget or revised budget) and actual amount if the difference is large;
- Details of income of each account including income on the major budget items and the difference between estimated amount (i.e. budget) and actual amount and reasons for it if the difference is large; and
- Details of expenditure of each account including expenditure on the major budget items, its proportion (%) and the difference between estimated amount (i.e. budget) and actual amount and reasons for it if the difference is large.

The Council members then discuss and evaluate the execution of the budget mainly from the following perspectives.

Key points in evaluating the annual budget execution

- ✓ Was the total income accumulated as estimated in the budget? If not, are there appropriate reasons for that?
- ✓ Was income for each budget head accumulated as estimated in the budget? If not, are there appropriate reasons for that?
- ✓ Was revenue surplus accumulated as estimated in the budget?
- ✓ Was the total expenditure not above or significantly below the budget? If it was, are there appropriate reasons for that?
- ✓ Was expenditure for each budget head not above or significantly below the budget? If it was, are there sound reasons for that? Was it spent for agreed purposes?
- ✓ Conformity with government rules such as:
 - (a) Did establishment expenditure not exceed 50% of revenue income?
 - (b) Is there no expenditure outside the approved budget or diversion of a budget from one budget head/sub-head to another?
 - (c) Is the closing balance of revenue account Part-1 more than establishment expenditure for one month and also the closing balance of revenue account Part-2 (water section) more than one-month salary expenditure of the water section?
 - (d) Was the salary of contract staff not increased without prior approval of the government?

Based on the evaluation, the Council discusses and make decisions on, if necessary, action to be taken for acceleration of budget execution in the current fiscal year and/or that of budget preparation for the next fiscal year. Below are examples of decisions:

- The payment of unpaid salaries of officers and staff shall be given the highest priority over other revenue expenditures in the current fiscal year;
- The demand for office equipment and furniture shall be reflected in the annual budget and if unexpected demand arises, the annual budget shall be revised to include it;
- Incomes shall be more accurately estimated taking into consideration actual income of the last three years when the annual budget for the next fiscal year is prepared.

3) Presentation of the annual statement in TLCC meeting

CEO or, in its absence, Secretary presents the annual statement in a TLCC meeting to inform the members present about the financial status of the Paurashava and how the Paurashava's financial resources were spent in the previous fiscal year. It is recommended to provide the following information in the meeting:

- The amount of income, particularly income from internal income sources such as taxes;
- The amount of income from internal income sources spent on public services and development projects (i.e. the amount of revenue surplus spent for services and projects);
- Information on public services provided and development projects with income of the Paurashava;
- Any other information regarding revenue and expenditure requested by the members.

The member secretary of TLCC records the opinions/suggestions of the members for consideration in the course of budget execution of the current year and/or at the time of budget preparation for the next fiscal year.

4) Publication of the annual statement

The annual statement has to be posted on a conspicuous place in the office of Paurashava such as a notice board for public inspection as stipulated in Section 93 of the Paurashava Act, 2009.

5) Implementation of council decisions

CEO or, in its absence, Secretary, in consultation with Mayor, takes necessary steps to implement decisions made in the Council meeting (Step 2 above), if any, within a specified time. The Council checks the implementation status of those decisions in the following Council meeting(s).

3.3. Implementation of Paurashava development plan

3.3.1. Purposes of monitoring of development plan implementation

A Paurashava development plan is a core document of the Paurashava describing what it plans to do with their internal and external resources within a specified time. It is an official

document prepared in consultation with the Paura residents and approved by the Council and thus the Council is responsible for its implementation.

The primary purpose of monitoring development plan implementation is to ensure the proper implementation of the plan towards intended results by checking the progress of planned activities and taking necessary action if any problem is identified. Implementation monitoring is particularly critical in the case of a plan which covers multiple years and many activities like a Paurashava development plan, because delayed detection of a problem could affect the implementation in the following years as well as other planned activities. It also allows the Council to make a decision to revise the development plan if required, based on the results of monitoring.

The monitoring is also important to assure the Paura residents of the operations of the Paurashava in accordance with the plan prepared in consultation with them. For this reason, the results of the monitoring should be shared with the residents through proper channels such as TLCC.

3.3.2. Roles of actors involved in monitoring of development plan implementation

Paurashava development plan is a core document of the Paurashava approved by the Council. Therefore, the Council assumes the primary responsibility to monitor its implementation. However, it should be monitored first at the operational level by Mayor, CEO and divisional heads. Then the Standing Committee on Urban Planning, Citizen Services and Development can check the status of implementation before discussions in the Council. The role of each actor is described below.

Operational level

Mayor

Mayor, as the head of the executive, should regularly monitor the status of development plan implementation. He gives necessary directions to officers based on it.

Chief Executive Officer

CEO is responsible for ensuring planning, implementation and monitoring of the Paurashava according to the sample job descriptions of officers/staff members provided by the Local Government Division in 2005. He/she therefore needs to review the implementation of Paurashava development plan based on reporting from divisional heads and report to Mayor. He/she then provides administrative directions to relevant divisional heads to facilitate smooth implementation of the plan in consultation with Mayor. He/she also explains the implementation status of the development plan to the Standing Committee on Urban Planning, Citizen Services and Development, the Council and TLCC, and the results of implementation to the Council and TLCC.

He/she explains the results of development plan implementation to the Council and TLCC.

Divisional heads

Divisional heads review the implementation status of projects/activities listed in the development plan under their responsibility monthly, quarterly and annually and reports the results of the review to CEO.

Decision-making level***Council***

The Council periodically monitors and annually evaluates development plan implementation based on reporting from CEO or divisional heads and also from the Standing Committee on Urban Planning, Citizen Services and Development. They discuss issues raised by the standing committee including their recommendations and make a decision on actions to be taken.

Standing Committee on Urban Planning, Citizen Services and Development

The standing committee play the major role in monitoring development plan implementation. The composition and scope of work for the standing committee are prescribed in the model by-law (memo no. 46.063.022.00.001.2012 (Part-3)-07 dated 02-01-2013) issued by the Local Government Division (See the box below). Monitoring of development plan implementation is part of the activity “Identify development activities and advising the municipality in adopting and implementing them and continuing ongoing development activities” in the model by-law.

Activities of the Standing Committee Urban Planning, Citizen Services and Development specified in model by-law

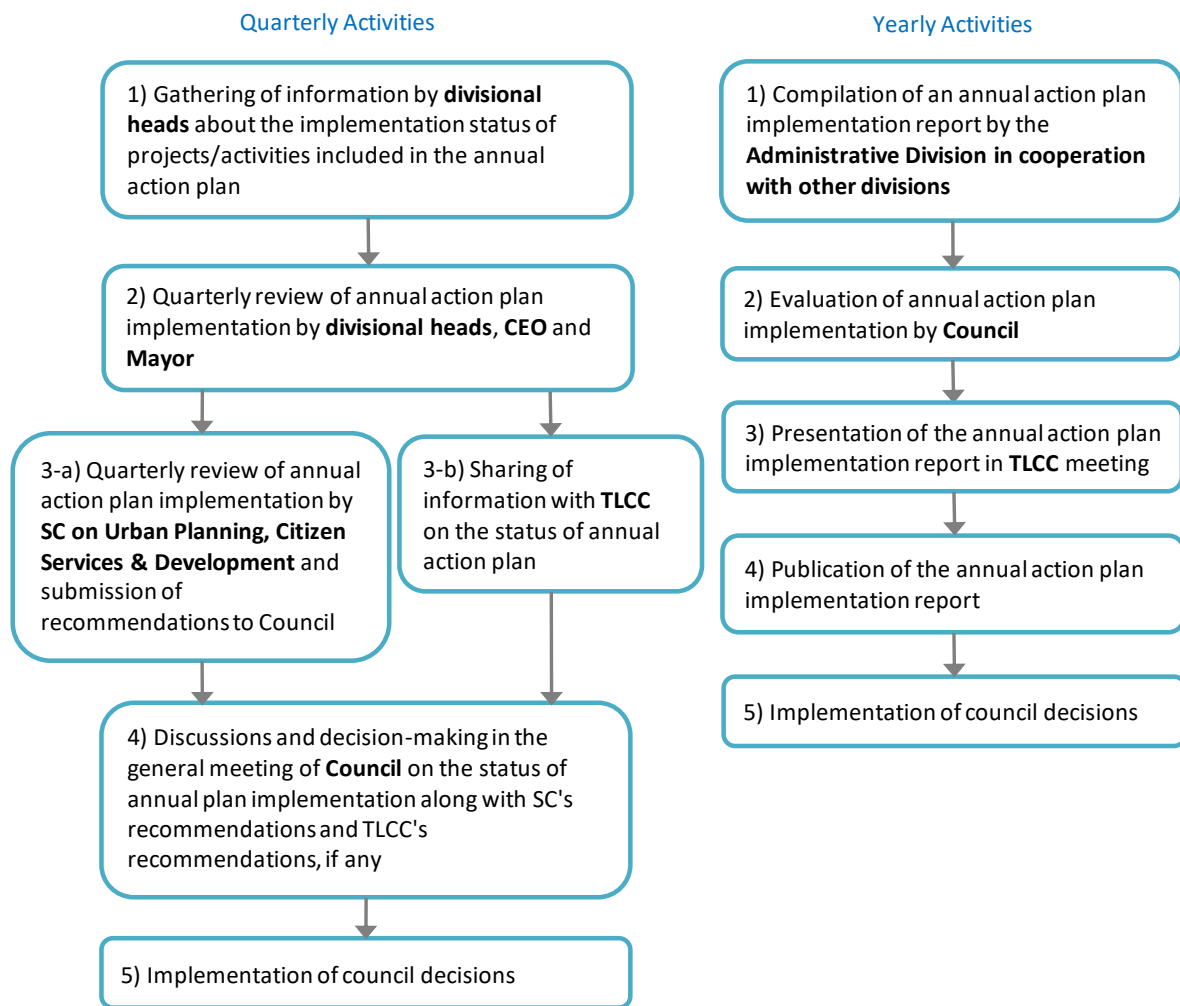
1. Assist in the preparation of a master plan for the Paurashava and its implementation. The following issues need to be considered in the preparation;
 - a. Conduct a survey on the history of the Paurashava area, statistics, citizen services and other related aspects;
 - b. Prepare a map mentioning the location of development point or area and extension are needed;
 - c. Advise the Paurashava Council to take effective measures for the conservation of natural environment;
 - d. Control unnecessary infrastructure expansion in any area in the Paurashava for the balanced development;
 - e. Advise all concerned to ensure the proper application of the Paurashava Act for the improvement of infrastructure and civic services.
2. Assist the Paura authority in tree plantation and caretaking at road side and other places, development and maintenance of forestry, and retain open spaces, rehabilitation and maintenance of ponds in order to deliver all kinds of civil services.
3. Identify development activities and advising the municipality in adopting and implementing them and continuing ongoing development activities.
4. Assist Paurashava to prepare an infrastructure inventory and improvement of infrastructure using base map
5. Monitor construction and re-construction work: specially ensuring building code using.
6. The committee may co-opt executive engineer of public works department for district level Paurashavas and Upazilla engineer for Upazila level Paurashavas.
7. Other relevant issues.

The standing committee regularly discusses the progress of development plan implementation and report to the Council with recommendations on actions that should be taken, if any.

3.3.3. Process of monitoring of development plan implementation

A short-term or medium term plan such as Paurashava development plan is generally implemented based on annual action plans, which are prepared along with the annual budget. Therefore, the implementation of Paurashava development plan can be monitored based on annual action plans. A sample form of annual action plan provided in *Handbook on Preparation and Implementation of Paurashava Development Plan* prepared under SPGP is shown in Annex at the end of this handbook.

Development plan implementation should be monitored at several levels and on a regular basis. This handbook proposes the steps shown in the flowchart below.



Steps of monitoring of development plan implementation

Quarterly activities

1) Gathering of information by divisional heads about the implementation status of projects/activities included in the annual action plan

At the end of every quarter, divisional heads gather information about the progress of each project/activity under their division's responsibility from the section/person responsible for monitoring of each project/activity designated in the annual action plan. Such information includes implementation period, source of fund, cost estimate, executed amount, execution rate, progress of work, problems in implementation, next steps, etc. It has to be compared to the information provided in the annual action plan. The information can be compiled into a monitoring sheet, which would be very helpful in collecting and comparing information as well as in sharing it with the Council, relevant standing committees and TLCC. A sample monitoring sheet is shown in the next page. Since the Engineering Division compiles information on the progress of physical works using a government-prescribed form, it is recommended to attach it to the annual plan implementation monitoring sheet.

A sample monitoring sheet form

_____ Paurashava

Monitoring Sheet on Implementation of Annual Action Plan for Financial Year 20 . . / 20 . .

Period covered: *July 1 – December 31, 20. .*

Date of reporting: *January 10, 20. .*

Priority	Title of the project/activity	Actual/prospective implementing agency	Planned implementation period	Source of fund		Cost				Progress and problems	Next steps / Actions to be taken
				Planned	Actual	① Original estimate in annual plan	② Estimate in project approval document	③ Executed amount	④ Execution rate (③/②)		
1	Narcotics control	Paurashava	9/2017 - 2/2018	Revenue surplus.	Revenue surplus	1,50,000	1,50,000	50,000	33%	Awareness campaign was carried out in 3 wards. Identification of addicted persons and narcotics suppliers are going on.	<ul style="list-style-type: none"> Carry out awareness campaign in the remaining 6 wards. Make a list of addicted persons Make a list of narcotics suppliers to send to the police.
2	Construction of road from XX to YY	LGED Upazila Office	10/2017 - 3/2018	LGED Upazila Office	N.A.	60,00,000	N.A.	N.A.	N.A.	It was proposed to LGED Upazila Office, but it was not adopted by LGED.	Continue communication with Upazila LGED
3	Installation of deep tube-wells in 6 wards	Paurashava	12/2017 - 1/2018	DPHE/ADP	ADP	16,00,000	15,50,000	14,00,000	93%	Tube-wells have been purchased based on the purchase committee's decision. 60% of the planned number of tube-wells has been installed	Complete installation work within January.
4	Construction of road from XX to YY	Paurashava	9/2017 - 2/2018	ADP	ADP	35,00,000	36,00,000	15,00,000	42%	A contract was awarded in October but the construction work has just started with 2-month delay.	Increase supervision to ensure the completion before monsoon season.
5	Construction of drainage from XX to YY	Paurashava	8/2017 - 12/2018	ADP/Revenue surplus	ADP	20,00,000	22,00,000	0	0%	A contract was awarded in August but construction work has not started until now. A warning letter was issued once.	Issue the final warning letter this month.
6	Installation of 50 pit latines for the poor in 4 wards	Paurashava	2/2018 – 4/2018	Revenue surplus	Revenue surplus	12,00,000	---	0	0%	Estimation is underway.	Identify locations for installment in February.
...
...

2) Quarterly review of the annual plan implementation by divisional heads, CEO and Mayor
Divisional heads review the annual plan implementation by examining the status of each planned project/activity under their respective division vis-à-vis the annual action plan. The key points to be examined during monitoring are given in the box below.

Key points to be examined quarterly

- ✓ Is the source of fund the same as the prospective source of fund mentioned in the annual action plan? If not, will that not affect funding for other planned projects/activities?
- ✓ Has the cost not exceeded the amount estimated in the annual plan? If it has, how will the excess be covered?
- ✓ Is the fund being disbursed as scheduled? If not, will the disbursement be completed by the end of the fiscal year?
- ✓ Are the works being implemented as planned and scheduled? If not, is there any problem which has been or might be caused by that? Have any measures taken or been planned to be taken by a responsible division/section to deal with the problem? Does the problem need to be discussed in the Council?

Divisional heads then report the results of the monitoring to CEO or, in its absence, to Mayor. CEO or, in its absence, divisional heads consult with Mayor and provides directions to concerned officers if required.

3-a) Quarterly review of the annual action plan implementation by the Standing Committee on Urban Planning, Citizen Services and Development and submission of recommendations to the Council

The standing committee holds a meeting every quarter after receiving the monitoring sheet of the last month of the quarter to review the implementation of the annual action plan. In the meeting, CEO or, in its absence, divisional heads explain:

- (a) The progress of the implementation of each project/activity listed in the annual action plan (i.e. financial situation, progress, problems, etc.) based on the monitoring sheet of the quarter;
- (b) The next steps or actions that a responsible division/section plans to take;
- (c) Any issues that requires discussions in the Council meeting.

The members of the standing committee discuss the progress of the annual action plan implementation. The key points to be examined by the standing committee are the same as those points checked at the operational level (Divisional heads, CEO and Mayor) and given in the box below.

Key points to be examined quarterly

- ✓ Is the source of fund the same as the prospective source of fund mentioned in the annual action plan? If not, will that not affect funding for other planned projects/activities?
- ✓ Has the cost not exceeded the amount estimated in the annual plan? If it has, how will the excess be covered?
- ✓ Is the fund being disbursed as scheduled? If not, will the disbursement be completed by the end of the fiscal year?
- ✓ Are the works being implemented as planned and scheduled? If not, is there any problem which has been or might be caused by that? Have any measures taken or been planned to be taken by a responsible division/section to deal with the problem? Does the problem need to be discussed in the Council?

Based on the results of monitoring, the standing committee discusses whether any action needs to be taken by the Council to cope with identified problems or accelerate implementation of the annual action plan, and, if appropriate, makes recommendations to the Council. Below are some examples of recommendations:

- Narrow the scope of planned XX project and YY project in order to cover the excess cost of the ongoing ZZ project;
- Impose a penalty on the contractor, forfeit the security money, or cancel the work order of XX project.

3-b) Sharing of information on the status of the annual action plan implementation with TLCC

CEO or, in its absence, divisional heads shares information about the progress of the annual action plan implementation. He/she explains:

- (a) The progress of the implementation of each project/activity listed in the annual action plan (i.e. financing, progress, problems, etc.) based on the monitoring sheet of the previous quarter;
- (b) The next steps or actions that the Paurashava plans to take;
- (c) Any matters on which the Paurashava would like to ask for cooperation of the TLCC members for smooth implementation of projects/activities included in the annual action plan.

4) Discussions and decision-making in the general meeting of the Council on the progress of the annual plan implementation along with standing committee's recommendations and TLCC's recommendations, if any

CEO, or in its absence, divisional heads reports to the Council in its general meeting the status of the annual action plan implementation based on the monitoring sheet. Then the standing committee reports to the Council about the results of their review of the annual

plan implementation along with their recommendations if any. The Council discusses the recommendations and makes a decision on what should be done. Below are examples of decisions:

- The Engineering Division shall explore the possibility of narrowing the scope of planned XX project to reduce its cost to the extent that the excess cost of the ongoing ZZ project is covered;
- The Engineering Division shall request the contractor to immediately submit a new work plan, and the Council will decide whether a penalty should be imposed; and

Mayor shall continue to communicate with upazila LGED for possible implementation of XX project in the next fiscal year. The Council also discusses recommendations of TLCC, and make necessary decisions.

5) Implementation of council decisions

CEO or, in its absence, divisional heads, in consultation with Mayor, takes necessary steps to implement decisions made in the general meeting within a specified time. The Council checks the implementation status of those decisions in the following Council meeting(s).

Annual activities

1) Compilation of an annual action plan implementation report by the Administrative Division in cooperation with other divisions

After the closing of the fiscal year, the Administrative Division requests each division to compile information about the results of each project/activity under their responsibility in order to report to the Council and share with citizens. It is recommended to compile the information into an annual action plan implementation report, which provides specific information about each project/activity such as a brief description, cost and outputs. The information in the report should be presented in a plain manner so residents can easily understand it. A sample form of annual action plan implementation report is provided in the next page.

Secretary submits the report to CEO, or in its absence, to Mayor. It should be submitted along with the annual statement of accounts.

(Sample Form)

Annual Action Plan Implementation Report

XXX Paurashava

Annual Action Plan Implementation Report for Financial Year XX/YY

1. Summary of annual action plan implementation

	Planned	Actual		
Number of projects/activities		Completed	To be completed	Not implemented
Total cost of projects/activities				

2. Results of projects/activities

Title of the project/activity 1. XXXX	Beneficiaries			
	Progress of Implementation	<input type="checkbox"/> Completed <input type="checkbox"/> To be completed by _____ <input type="checkbox"/> Not implemented Reason for non-implementation		
	Cost	Original estimate in annual action plan	Estimate in project approval document	Actual
	Source of fund	ADP regular grant	Revenue surplus	Other ()
Implementing agency	<input type="checkbox"/> Paurashava <input type="checkbox"/> Other ()			
Description of outputs	• • •			
	Changes from the annual action plan (if any)			

Title of the project/activity 2. XXXX	Beneficiaries			
	Progress of Implementation	<input type="checkbox"/> Completed <input type="checkbox"/> To be completed by _____ <input type="checkbox"/> Not implemented Reason for non-implementation		
	Cost	Original estimate in annual action plan	Estimate in project approval document	Actual
	Source of fund	ADP regular grant	Revenue surplus	Other ()
Implementing agency	<input type="checkbox"/> Paurashava <input type="checkbox"/> Other ()			

2) Evaluation of the annual action plan implementation by the Council

CEO or, in its absence, Secretary, with the help of divisional heads, presents the annual action plan implementation report following the presentation of the annual statement of accounts (See 3.2. "Budget Execution" section of this handbook for details) in the Council meeting. By presenting the two reports together, the Council members can see the detailed picture of how funds were spent and the results of spending. These two reports should be sent to the Council members well in advance. The following matters about the annual action plan implementation should be explained in the meeting:

- The number of projects/activities planned and implemented and the total cost of projects/activities estimated and spent; and
- Details of the progress of implementation of each project/activity listed in the annual plan such as cost, source of fund and outputs. If there was any change from the action plan regarding outputs, it has to be explained.

The Council members then discuss and evaluate the annual action plan implementation mainly from the following perspectives.

Key points to be examined

- ✓ Were all the planned projects/activities implemented and completed? Did the total cost not exceed the estimated amount?
- ✓ Was each of the project/activity completed? If not, will it be completed soon?
- ✓ Did the cost of each project/activity not go over the annual plan estimate? Was the cost appropriately estimated in annual action plan and project approval documents?
- ✓ Were planned outputs produced?

Based on the discussion above, the Council discusses how they can improve annual action plan implementation in the current fiscal year and/or the preparation of an annual action plan for the next fiscal year.

The Council decides actions, if any, to take in the course of annual action plan implementation in the current fiscal year and/or during the preparation of an annual action plan for the next fiscal year. Examples of decisions would be:

- The implementation of some projects was delayed due to contractor's poor performance. The Engineering Division shall enhance the supervision of contractor's work and take tough action in this fiscal year.
- Actual revenue surplus was far shorter than the planned amount and some planned projects were not implemented. The planned source of fund for each project shall be carefully considered when the next annual plan is prepared.

3) Presentation of the annual action plan implementation report in TLCC meeting

CEO or, in its absence, divisional heads presents the annual action plan implementation report in a TLCC meeting to inform TLCC members about the results of the annual plan

implementation. It is recommended to provide the following information in the meeting:

- The number of projects/activities planned and implemented and the total cost of projects/activities estimated and spent;
- The progress of implementation of each project/activity listed in the annual action plan with a focus on cost and outputs. If there was any significant change from the action plan regarding outputs, it has to be explained;
- The decision of the Council regarding unimplemented projects/activities.

The member secretary of TLCC records the opinions/suggestions of the members for consideration in the course of annual action plan implementation of the current year and/or at the time of preparation of the annual action plan for the next fiscal year.

4) Publication of the annual action plan implementation report

The annual action plan implementation report should be disclosed to the public along with an annual statement of accounts.

5) Implementation of council decisions

CEO or, in its absence, divisional heads, in consultation with Mayor, takes necessary steps to implement decisions made in the Council meeting (Step 2 above), if any, within a specified time. The Council checks the implementation status of those decisions in the following Council meeting(s).

Column: Good practice in monitoring of holding tax collection

Sengarchar Paurashava received practical training following this handbook and technical support from Strengthening Paurashava Governance Project (SPGP) with a focus on three critical areas of holding tax collection, budget execution and development plan implementation. Following the training, relevant standing committees began to hold quarterly meetings to review progresses in those three areas and made some recommendations where necessary to the council. The Paurashava also evaluated annual holding tax collection.

The council of Sengarchar Paurashava had been neither regularly checking the progress of holding tax collection nor budget execution. Consequently, a large gap had been generally found between planned and actual tax revenues as well as between budgeted and actual amounts of receipts and payments at the end of every fiscal year. Their development activities had also not been properly monitored by the council. There had not even been plans on development activities for the year.

Monitoring practices based on this handbook produced some results. Tax Assessment and Collection Standing Committee of Sengarchar Paurashava found in its meeting held after the first quarter of 2017/18 a large gap in tax collection progress between the best-performed ward (37%) and six poorly-performed wards (6-10%). The issue was brought up to the council and they made a decision to link allocation of funds for priority projects of each ward to their tax collection performance. As a result, tax collection in 5 of the 6 poorly-performed wards increased up to 50-76% at the end of the fourth quarter. Sengarchar Paurashava recorded in FY 2017/18 the highest tax collection efficiency in the last four years. In addition, the council evaluated their annual tax collection performance after the closing of the fiscal year and decided to make a task team for each ward to accelerate tax collection performance in the current fiscal year. It is expected that, Sengarchar Paurashava will be able to achieve significant success. The council and standing committees of Sengarchar Paurashava has also been monitoring the budget execution and development plan implementation of the Paurashava since FY2017/18.

Annex A sample form of Annual Action Plan

Name of the Paurashava: _____

Financial year: _____

Priority order	Title of the project/ activity	Target area	beneficiary	Description of the project/activity	Cost estimate	Source of fund	Implementation period	Agency/Division of Paurashava in charge of implementation	Section/person responsible for monitoring
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
...									
...									