



GUIDELINES

FOR THE

UTILIZATION

OF THE

DISTRICT ASSEMBLIES COMMON FUND

FOR

2017 FISCAL YEAR

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The following guidelines are issued in accordance with section 126(3) of the Local Governance Act, 2016 (District Assemblies Common Fund Act of 1993, Act 455 Repealed) for the utilization of funds to all Metropolitan/Municipal/District Assemblies in 2017.

PART I

GOVERNMENT PRIORITY PROJECTS

In line with the Government priority programmes, all Metropolitan/Municipal/District Assemblies are required to allocate resources from their share of the Common Fund towards:-

- (a) School Infrastructure
- (b) Toilet Facilities
- (c) Water

THE FOLLOWING ALLOCATIONS SHOULD BE MADE BY EACH ASSEMBLY AFTER PROVISION OF FUNDS FOR PART I ABOVE

1. Self Help Projects/Counterpart Funding

Up to five percent(5%) should be allocated to support and sustain self-help spirit through community initiated projects. Detailed guide for the operation of this fund are contained in Part IV.

2. District Education Fund

Up to two percent (2%) should be used to support and sustain a District Education Fund. The Fund shall be used to finance scholarships, bursaries or repayment of loans to finance needy student with a proven record of good academic performance.

3. Establishing and Strengthening of Sub-District Structures

Up to two percent (2%) should be used for the establishment and strengthening of Zonal, Urban, Town and Area Councils.

4. District Response Initiative

Half percent (0.5%) of the fund should be utilized to support the District Response Initiative (DRI) for the prevention of Malaria.

5. Administration

(a) Recurrent Expenditure

Up to ten percent (10%) should be used in areas such as human Resource Management, Logistics Support, Metropolitan, Municipal and District Planning Coordinating Unit (MMD/PCU) activities, Office Equipment, Furniture and fitting, Servicing and Maintenance and Project Management.

(b) Infrastructure

Up to ten percent (10%) should be used to construct and renovate office building, accommodation for all key staff including the decentralised departments.

6. Other Projects

The remaining seventy and half percent (70.5%) should be used in the following areas:-

(i) Economic Ventures

Energy/Electrification, Markets, Industry, Agricultural, Roads, Streets, Bridges and Culverts, ICT and Private Sector Support.

(ii) Social Services

Education, Health, Water Supply, Housing, Disaster Management, Sports, Tourism/Culture and Security.

(iii) Environment

Sanitation/Waste Management, Fumigation, Drainage Systems and Environmental Protection.

PART II

BUDGETARY CONTROL AND ACCOUNTING

Annual Development Budget Extract

Each Assembly shall each year prepare an Annual Development Budget Extract from the Composite budget covering the DACF. This is because allocations of the DACF are not made before the commencement of the MMDAS Budgetary process for the period

The Annual Development Budget Extract covering the District Assemblies Common Fund shall be part of the approved composite budget of the Assembly in accordance with section 112 of the Local Government Act, 462 and transmitted along with a copy of the resolution to the Regional Co-ordinating Council.

Regional Co-ordinating Council will collate and harmonise annual Development Budget extract approved by Assemblies into a Regional District Assemblies Common Fund Budget.

In collating and harmonizing the Regional District Assemblies Common Fund Budget, the Regional Co-ordinating Council shall ensure that projects programmes and other activities are in conformity with the Ghana Shared Development Growth Agenda (GSDGA).

The Regional Co-ordinating Councils, shall distribute the collated Regional District Assemblies Common Fund Budget to:-

- (i) The Administrator of the District Assemblies Common Fund;
- (ii) The Ministry of Local Government and Rural Development;
- (iii) The Ministry of Finance;
- (iv) The National Development Planning Commission.

Accounting for Utilization of the Fund

Financial Reports indicating:

- (a) Monthly cash book (Financial Returns)
- (b) Amount utilized

- (c) Balance in the District Assembly Common Fund Account

- (d) Outstanding contractual financial commitment for the succeeding period of three months should be submitted by the District Assembly at the end of each quarter (i.e. end of March, June, September and December) of the prescribed form and distributed to the:
 - (i) Administrator of District Assemblies Common Fund
 - (ii) Controller and Accountant General's Department
 - (iii) Ministry of Local Government and Rural Development
 - (iv) Regional Co-ordinating Council
 - (v) Member(s) of Parliament from the District

Monthly Trial Balance, Receipt and Payments Statement and Bank Reconciliation Statement

The periodic receipt from the District Assemblies Common Fund and expenditures therefore should be incorporated in the Monthly Trial Balance in two forms

- (a) Project by Project recording expenditure

- (b) All payments and deductions (as requested by the MMDAS) by the Administrator of the DACF on behalf of Assemblies should be recorded in the relevant books of Accounts of the Assemblies and reflected in the Trial Balance, Receipts and Payments, Reconciliation Statements and other Financial Reports.

- (c) Any unspent balance of an MMDA share of the DACF should under no circumstances be credited to an Accumulated Surplus Fund of the Assembly. This balance should be treated as part of Finances of net Assets in the Balance Sheet.

Projects Implementation and Reporting

The District Assembly shall report the physical progress of implementation of each project quarterly in the prescribed form.

Award of Contracts (Refer to Procurement Law, Act 663)

MMDAs are to be guided by the appropriate provision in the Public Procurement Act (663) for their Projects and programmes.

Payments from the DACF

All transactions, including requested payments and deductions by the Administrator of the DACF and unredeemed contractual retentions should be recorded in the Books of Accounts of the Assembly. The transactions should be reflected in the quarterly Financial Returns and Monthly Trial Balance of the Assembly.

All payments should be made by the Finance Officer of the Assembly in accordance with existing financial regulations and administrative instructions in force.

The unredeemed contractual retention should be treated as a deposit; and payment of matured retention monies should be paid out of the Deposit Account.

Standard Design of Projects

Standard Designs and their variations approved by the relevant sectors should be used in implementing all projects involving the construction of infrastructure. In this connection, the Ministry of Local Government and Rural Development has compiled a number of Standard Designs. Copies of the design document which include drawings and tender bid documents may be purchased from Regional Co-ordinating Councils.

Supervision and Monitoring of Projects

In accordance with Local Government Act of 1993, Act 462 and Section 142 (1) (b) Regional Co-ordinating Councils are to monitor the use of all monies allocated to the District Assemblies by any agency of the Central Government.

Regional Co-ordinating Councils are also to ensure that, Assemblies, their Committees and Sub-Committees and also the Sub-District Structures (Urban, Town, Zonal and Area Councils) and their Unit Committees perform their supervisory and monitoring functions.

Disbursements on Zonal, Urban, Town and Area Councils Basis

Assemblies are to note that Zonal, Urban, Town and Area Council areas are demarcated as development areas for purposes of direct allocation of funds and other development resources. This includes the identification and prioritization of development projects by the communities in the Zonal, Urban, Town and Area Council areas for consideration, approval and inclusion in the development budget of the Assembly. (L.I.1589, Schedule 2, section 9 (iii) (vii).

PART III

UTILIZATION OF THE RESERVE FUND ALLOCATED TO PARLIAMENTARY CONSTITUENCIES LABOUR PROJECTS

In approving the formula for sharing the District Assemblies Common Fund, Parliament, by consensus decision in 1997, resolved that a percentage of DACF allocation to the Reserve Fund shall be shared on Parliamentary Constituency basis and that the utilization of this amount should be for projects selected and approved by the Member of Parliament.

The following revised instructions are provided in accordance with Section 91 (1) of the Local Government Act 1993, Act 462 and Section 9 of the District Assemblies Common Fund Act 1993, Act 455.

- (1) The amount shall be shared equally to the 275 Parliamentary Constituencies.

- (2) The amount shall be released quarterly to the Assemblies by the Administrator of the District Assemblies Common Fund and the Member of Parliament shall be notified.
- (3) A separate account shall be kept in respect of every constituency.
- (4) Under no circumstances shall money be withdrawn from this account without a memorandum from the sitting Member of Parliament from the constituency.
- (5) Where a memorandum has been raised to the District Chief Executive for a project to be financed under this fund, the Member of Parliament shall be given a reply within fourteen(14) working days as to whether the request has been passed or whether a query has been raised.
- (6) Payments from the account shall be made by the Finance Officers of the Assembly.
- (7) Accounting for this fund shall form part of the accounts of the Assembly and shall be incorporated in the financial returns of the Assembly.
- (8) The District Chief Executive shall submit half-yearly progress reports on the operation of the constituency account to the Member of Parliament with copies to:
 - (a) The Presiding Member for information of, the Assembly;
 - (b) The Regional Minister, who shall compile the district half-yearly returns into Regional returns and transmit to the Minister for Local Government and Rural Development.

Guide for Selection of Projects

The selection of projects for support by the Member of Parliament under the Constituency Fund should conform to National and District Specific Development Plans and objectives and should:-

- (a) Fall within the scope of functions of District Assemblies
 - (b) Correspond to the poverty reduction strategy of the Assembly
 - (c) Provide infrastructure in the areas of education, health, agriculture, water, sanitation, roads streets and drains.
 - (d) Generate sustainable employment
 - (e) Aim at income generation and wealth creation
 - (f) Assist in disaster prevention and disaster relief
9. Projects, which fall within the functions of sector Ministries such as clinics under health, and school buildings under Education and will require additional input to become operational or future repairs and maintenance, should have the approval of the relevant sector Ministry.
10. Where credit is granted to groups or individual entrepreneurs from this fund, it shall be done in conformity with credit recovery procedures.

PART IV

POLICY OBJECTIVE ON COMMUNITY INITIATED PROJECTS

In support of a national policy of promoting and sustaining community-initiated projects, the following guidelines are provided for Assemblies.

Projects Initiation

All applications for assistance under MMDAs self-help programme budget must have evidence of having been initiated by the community. The Unit Committee, Zonal, Urban, Town or Area Councils' approval to this effect will be required.

Nature of Project

Self-help projects selected for consideration should have the basic aim of contributing to the provision of basic community social infrastructure, micro jobs and services. Additionally, they should have the following characteristics:

- The potential for quick implementation and for satisfying and relieving the hardship of as many communities as possible
- Not require complex or sophisticated technology for implementation.

Project Designs

Standard/Model design of construction works approved by the sector agency responsible for the subject areas of the project are available to all District Assemblies and can be made available to communities wishing to undertake a self-help development programme.

Institutional Arrangements

Urban/Town/Zonal/Area Unit levels will be responsible for the initiation, selection, prioritization and mobilization of local resources and implementation of approved projects. The District Department of Community Development will provide the required technical assistance to participating communities.

District Assemblies will receive process and approve self-help project submission and applications for funding and incorporate these into the MMDAS development programme and budget. The District Planning Co-ordinating Units will be responsible for this activity.

Regional Co-ordinating Councils shall be responsible for the harmonization, monitoring and evaluation of District self-help development programmes.

Funding of Self-Help Projects

The level of funding self-help projects is crucial to sustaining the process. Sustaining the programme of Self-Help Projects could further be enhanced by donor official development assistance, targeted at Community initiated projects.

Funding Self-Help Projects shall be programmed into the composite budgets of Assemblies covering the District Assemblies Common Fund should be established by a budget line. In support of this budget lines, MMDA Internally Generated Revenue and the DACF shall be earmarked as the Self-Help Project Fund. The Fund may be supplemented by donor inflows targeted at self-help projects.

In the case of revenue generating self-help project funded on a cost recovery basis, proceeds shall be revolve through the Self-Help Project Fund.

Budgeting

The Self-Help component of approved District Plans shall be annualized as part of the MMDAs recurrent and capital expenditures. This should ensure that the relevant costs of activities, e.g. technical preparations, material, labour, overheads, supervision, monitoring and maintenance of self-help programmes and fully provided for and sustained.

SIGNED

**THE HON. MINISTER
MINISTRY OF LOCAL GOV'T & RURAL DEV'T
ACCRA**

**1. ALL METROPOLITAN/MUNICIPAL AND DISTRICT CHIEF
EXECUTIVES**

- 2. REGIONAL MINISTERS**
- 3. THE ADMINISTRATOR, DACF**
- 4. MINISTER OF FINANCE**
- 5. THE AUDITOR-GENERAL**
- 6. ALL MEMBERS OF PARLIAMENT**
- 7. ALL PRESIDING MEMBERS OF ASSEMBLIES**
- 8. DIRECTOR-GENERAL, NDPC**