

Анкета для проведення оцінювання системи місцевих фінансів в Україні

1. Контрольні показники фінансових ресурсів місцевих і регіональних влад: місцеві влади

№	SPHERE or AREA (with reference to respective Recommendation)	ACTIVITY	VERIFICATION/ DOCUMENTS	№	INDICATOR	POINTS
1	2	3	4	5	6	7
I. General principles of taxation and budgeting policy at the local level. Local taxation						
1. Fiscal policy at the local level						
1.1	Decisions concerning revenues of the local budgets have to be approved by the representative authorities of the local governments exclusively (R.1)	Local councils make decisions as to the budget revenues for the respective year, specifically: <ul style="list-style-type: none"> - local taxes and fees; - unified tax for physical persons; - land tax; - land rent; - rent of other communal assets 	<ul style="list-style-type: none"> - Regulations of the local councils; - Legislation on the local budgets; - Local council decisions on the local tax and duty rates and preferences; - Audit reports, inspection acts of the control and revision authorities, as well as Accounting Chamber; - Provisions on the activity of the local executive authorities. 	1.1.1	Decisions on tax, duty, land or communal property lease preferences and exemptions in respective revenues (for the previous budget year) are made public	0-10 0- no 5- partly 10- total
2. Development of the local taxation policy						
2.1	Tax revenues of the local budgets must be considerable (R.9)	<ul style="list-style-type: none"> - Local regulations on taxation clarify provisions of the national legislation on tax exemptions; - Local tax exemptions actually introduced; - Differences between nominal and effective rates of taxes transferred to the local budgets. 	<ul style="list-style-type: none"> - Regulations on local taxes; - Local tax statistics 	2.1.1	Unified tax : (amount of tax revenues in the city / number of taxpayers in the city) / (amount of tax revenues in the country / number of taxpayers in the country)	Unified tax score scale: Less than 0.5 = 0 0.5 –1 = 4 1-1.5= 8 More than 1.5 = 10
				2.1.2	- land tax (amount of tax revenues in the city / total area of the city / (amount of tax revenues in the country / area of taxable land in the country)	land tax score scale: Less than 0.5 = 0 0.5 –1 = 4 1-1.5= 8 More than 1.5 = 10
				2.1.3	- land rent ((amount of rent in the city / total area of land rented) / (amount of rent revenues for the country / area of land rented)	land rent score scale: Less than 0.5 = 0 0.5 –1 = 4 1-1.5= 8 More than 1.5 = 10
				2.1.4	fee for introduction of certain types of economic activity ((amount of fee	duty for certain types of entrepreneurial

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					revenues in the city / number of commercial enterprises in the city) / (amount of fee revenues in the country / number of commercial enterprises in the country);	activity score scale: Less than 0.5 = 0 0.5 –1 = 4 1-1.5= 8 More than 1.5 = 10
				2.1.5	Average annual revenue from parking fees per one parking lot	0-10 Points are awarded after filling in ranking tables (max, 100%=10; each 10% is 1 score)
				2.1.6	Share of the local taxes and duties in the total revenues of the general and special fund.	0-10 compared to the Local budgets average: <25% of the avg=>0 26%-50% of the avg=>4 51%-75% of the avg=>8 75%< => 10
				2.1.7	Revenues of local taxes and fees per resident compared against average indicators for the country (excluding city of Kyiv)	0-10 <50% of the avg=>0 51%-100% of the avg=>4 101-150% of the avg=>8 151%< => 10

3. Taxation policy

3.1	Prevention of tax evasion (R.18)	Number of local council decisions that provided tax preferences during the previous year.	- Regulations on the local taxation; - Local tax statistics.	3.1.1	Amount of individual income tax per capita of working population compared with the national average (defined as the amount of the individual income tax / number of working-age population in the city / national average) The working-age population in 2010: 20,220.7 thousand people (State Statistics Committee). The individual income tax in 2010: UAH 40.9 billion. The national average: UAH 2,023.63	0-10 The coefficient calculation of income tax revenues per working-age person: 0- less than 50% 4 - from 51% to 100%; 8 - from 101% to 150% 10 – more than 151%
		- Maintenance (collection of information and regular update)		3.2.1a	number of the unified tax payers -	Access to the databases

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3.2	Information on the tax base should be updated and based on legally accessible sources (R.19)	of own databases containing (potentially) the information necessary for exercising fiscal policy at the local level: cadastre; Bureau of Technical Inventory (BTI) databases; VAT tax payers database; Common tax payers database; Other databases. - Maintenance (collection of information and regular update) of databases on communal property (land plots and other facilities) in the part of: Full list of such facilities; Use of such facilities for the fiscal purposes Tax exemption for such facilities	National and local information systems.		individuals and legal persons (separately)	by categories (the points are awarded if there is access): 0-10 Tax databases:2; Database of Technical Inventory Bureau:2; Cadastre: 2; Database on municipal property: 4
				3.2.1b	The number of budget-forming enterprises from which more than 15% of the land fee go to the respective local budget	
				3.2.1c	The number of budget-forming enterprises from which more than 15% of the individual income tax go to the respective local budget	
				3.2.1d	Total square of land	
				3.2.1e	Total number of real estate objects that are in communal property and its total square	
4. Tax control (R.25)						
4.1	Identification of the tax payers and the scope of tax payments, effectiveness of tax administration	Cooperation with the tax administration on a regular basis.	Tax administration.	4.1.1	Tax payment trends: actual collection in percentage of planned collection	< 90%: 0 90%-110%: 5 110%<: 10
5. Payments, duties and other revenues						
5.1	Duties (collection level) should not reduce the demand for services (R.27)	- Pricing methods correspond to the objectives of the local policy: payments (duties) by consumption categories (priorities), consumer classification; - External influence on the increase of duties (illegal household waste removal, illegal connection to water supply system, unaccounted consumed water resources).	- Local budget; - Pricing regulations; - Indicators of services' quality - Reports on administration of the budget.	5.1.1	Annual change in residential and enterprises debt level for housing and utility services (including energy).	< 90%: 10 90%-110%: 5 110%<: 0

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6. Activity transparency and public involvement						
6.1	Assessment of the local governments' influence on the budgeting policy should be made public (R.3)	Public access to the session decisions on budget, reports on inspections. and their results Balanced use of printed and electronic media and other forms of communication Channels of communication with the public.	- Budget documents approved at the local level; - Ways and methods of informing the general public.	6.1.1	Additional information disseminated among citizens unofficial way (booklets, leaflets etc)	0-10 0- no 10- yes
				6.1.2	completeness of fiscal information under Article 15 of the Law of Ukraine "On Access to Public Information"	0- no information 5- partially meeting requirements of art.15 10- fully meeting requirements of art.15
6.2	Budget and financial discussions should take place at the open sessions (R.2)	- Workgroups or counseling authorities with public involvement; - Statements at the open sessions or public hearings; Addresses of officials to certain;	- Minutes of the public meetings during the budget preparation - Budget documents approved at the local level; - Ways and methods of informing the general public informing.	6.2.1	Public hearings or other forms of public involvement in the budgeting process during the previous calendar year.	0-10 weak => 0 moderate=>5 strong, active<=>10
6.3	Public organizations must be involved in the development of regulatory and legal acts on local budgets, within the competence of the local authorities (R.5).	- Decision making timeframe and stages allow public involvement in the decision making process; - Local government associations participate in the drafting of the local governments' regulatory and legal acts related to the budget (revenues, expenditures).	- Legislation on law making; - Legislation on local government activity. - Budget law - Local government rules and procedures	6.3.1	The number of proposals from public (non-governmental) organizations or citizen associations that the local council has taken into account in its decisions.	0-10 0 proposals=> 0 urban average=> 5 above city average=> 10
7. IT utilization						
7.1	Up-to-date IT utilization in the planning and implementation of the local budgets and reporting.	- Local government authority has its own webpage; - Draft regulations of the local governments are posted on the website.	Procedures and acts of the local governments on the information technologies and their implementation.	7.1.1	- the ratio of visits in the month of budget approval to the local government's webpage compared to the number of residents	0-10 0- 0%; 5- up to 25%; 10- more than 25%
8. Staff capacity building						
8.1	Training (in different forms) for staff and officials of the local governments (R.7).	- Topics of the training courses in specific areas (law, finance, taxes, territorial development management, etc.).	- Performed by: the structural unit for the staff policy; - Resources: local budget/	8.1.1	Number of training courses for the staff in the previous year.	0-10 The number of points awarded according to the number of sessions (maximum 10)

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				8.1.2	- percentage of employees of the local government agency and its units trained at least once during the previous year;	0- no 2- up to 25%; 4- from 25 to 50% 6- from 50 to 75% 8- from 75 to 90% 10- from 90 to 100%
				8.1.3	Number of training courses for members of the local councils in the previous year.	0-10 The number of points awarded according to the number of sessions (maximum 10)
9. Information and publicity						
9.1	Local tax policy must be developed in an open and transparent way (R.10)	Publicizing of draft regulations on the local tax policy.	- In-house procedures; - Regulations on the local taxes; - Local budget.	9.1.1	Number of public hearings or other public events during the year.	0 public hearings: 0 1-2 public hearings: 5 more than 2 public hearings: 10
				9.1.2	Number of topics opened on the city's Internet forum during the year.	
9.2	information and explanations on the local taxes must be made public (R.15, R.17)	Various information distribution methods (e-mail, post).	Local public relations tools	9.2.1	- The quality and number of published documents on local taxes, fees with explanations for the citizens.	Quality and number of documents containing explanations regarding local taxes and fees made available for the public: 0-10
II. Local planning and financial management						
10. General principles of local fiscal expenditure policy design						
10.1	Local borrowings must take place to finance development budget of the ARC and town budgets.	Target spending areas for the local borrowings by the local governments.	- Local budget; - Budget decisions of the town council; Social, economic and cultural development program.	10.1.1.	Share of borrowings in the development budget (%)	0- no borrowings; 5- up to 50% of the limit set in p.3, art.18 of the BCU; 10- more than 50% of the limit set in p.3, art.18 of the BCU.

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10.2	Approval and implementation of the local infrastructure development programs and energy-saving programs.	Programs implementation analysis.	<ul style="list-style-type: none"> - Local budget; - Budget decisions of the town council ; - Social, economic and cultural development program; - Decisions on the approval of the local target and comprehensive programs 	10.2.1	Amount of actual funding per capita	0-10 Assessed according to the ranking table (the higher the indicator, the lower the score)
10.3	Local budget expenditures in the major areas have to be effective.	Cost effectiveness improvement policy is reflected in the local council session decisions and other documents.	<ul style="list-style-type: none"> - Reports of the STU, report on the network, staff and composition of budgetary institutions. 	10.3.1	Amount of local current expenditures per one person.	0-10 Points are awarded after filling in ranking tables for all cities selected for each indicator. The best city in the ranking corresponds to the biggest number of points.
				10.3.2	Specific weight of current and capital costs in structure of local budget costs.	
				10.3.3	Budget expenditures per child in a kindergarten, at school, etc. (by type of institutions) in breakdown by general and special funds.	
				10.3.4	Budget expenditures per one hospital bed (by types of hospitals) in breakdown by the general and special funds.	
				10.3.5	Budget expenditures for the energy resources in social and cultural sphere per 1 sq. m. of the sector	
				10.3.6	Budget expenditures for the physical culture and sport per resident	
				10.3.7	Budget expenditures for the culture per resident	
				10.3.8	Budget expenditures per resident in housing and utility sector	
11. Capital investments						
11.1	Local governments participation in the co-funding of construction and maintenance of the facilities used jointly with other local administrative units	<ul style="list-style-type: none"> - Decision of the local council on co-funding of construction of facilities operated jointly with other local administrative units 	<ul style="list-style-type: none"> - Local budgets. - Budget decisions of the local councils - Co-funding agreements 	11.1.1	<ul style="list-style-type: none"> - Share of local government funds in joint projects 	0- no funding; 5- funding of up to 50%; 10- funding from 50%

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11.2	Town hall decisions on the funding of capital costs (facilities with the time of implementation reaching beyond budgeting period) should be justified	<ul style="list-style-type: none"> - Keeping registries of facilities and amounts of capital investments, including construction in progress; - Monitoring of market price changes and operational results of the facilities after capital investments. 	<ul style="list-style-type: none"> - Local budget. - Town council budget approval decisions. 	11.2.1	- Number of unfinished construction objects, which are building with delay compared to original implementation plan (% of unfinished construction objects)	0- more than 50% 5- from 25% to 50%; 8- from 10% to 25%; 10- from 0 to 10%
				11.2.2	Amount of investments into the fixed capital per resident (UAH);	0-10 Assessed according to the ranking table (the higher the indicator, the higher the score)
				11.2.3	Share of investments into fixed capital from other (non-public) funding sources (%)	Measured in % of the best (highest) value of cities 0- less then 60% 5- from 60% to 80% 10- more then 80%

2. Контрольні показники фінансових ресурсів місцевих і регіональних влад: центральна влада (характеристики податково-бюджетної автономії)

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12. Principles of effective budget and financial management						
12.1	General financial structure of the multi-annual budget (R.45)	The budget must be based on the macroeconomic state policy and mid-term local policy according to the strategy of the administrative territorial unit development. Budget indicators have to be in line with the strategy of the administrative territorial unit's development	City strategy Multiannual fiscal plan, with specific financial projections ATU strategy	12.1.1	Presence of the Administrative Territorial Unit's strategic development plan	10-yes 0-no
				12.1.2	Draft multi-annual budget projection contains information on the; 1 socio-economic status of the ATU and the forecast of its development (according to p.1, art.76 of the BCU), 2. costs for going on with the projects implementation of which has been lasting for more than one budget period (p.4, art.76), 3. the list of investment programs (p.5, art.76)	0-does not contain; 5-partly; 10-meets the BBCU
12.2	Discussion of the strategically documents (R.73)	Discussion and approval of the strategically and budget priorities, targets of the local fiscal policy is the first step of the budget process. It shows direction of the budget indicators calculations and ensures quality of the service provision in the long term.	Decisions of establishment, proceeding / journals of advisory agency's sessions, work groups etc.	12.2.1	Preliminary discussion of budget forecast indicators	0-no 5-partly; 10-yes.

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12.3	Technical capacities for the budget drafting procedure (R.46, R.57, R.58).	<ul style="list-style-type: none"> - the network of structural units participating in the budget drafting, structure of the major and minor budget owners, their subordination; - budget drafting is facilitated by professional work of the local government representatives; - budget drafting is the most effective instrument of discussion and determination of the budget and administrative services provision; - recruitment and staff capacity building contribute to the autonomy of the local governments and their openness. 	Rules and procedures Local budget manual with a calendar	12.3.1	Presence of local regulations on budget (regulations, orders, etc.), annual guidance letters to main spending units	0-10 0-no 10-yes
12.4	Analytic data make the budget more understandable (transparent) (R.47)	<p>Budget balancing helps to clarify budget policy priorities and budget planning objectives;</p> <ul style="list-style-type: none"> • budget statistics is represented through the system of tables that are clearly and logically connected, helping to understand the budget structure clearly and analyze its various dimensions; • presenting the biggest possible number of effectiveness indicators and clear harmonization between them aim to improve decision making effectiveness and align them with commitments on existing budget policy implementation and existing budgeting rules; • structured set of analytic budget indicators should help to realize the budget planning potential. 	Budget templates Draft budgets Approved budget	12.4.1	Set of budget tables with explanations in the draft budget memorandum of the local budget implementation report.	0-10 0- materials to the draft budget officially sent to the city council include only the template of the draft resolution, 2-analytical materials related only to revenues and expenditure amounts for key types compared with the previous year, 4 - the same, but for all types of revenues and expenditures, 6 - materials contain specific outcome indicators for individual industries; 8- contain outcome

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						indicators for more than 80% of types of revenues and expenditures, as well as borrowings; 10-contain a forecast of the fiscal impact of budget decisions made
12.5	Budget implementation explanation (R.54)	The budget process, its results and implementation data should guarantee fiscal objectives and aims of the social and economic development; Cooperation of the deputies of the local councils with the experts on budget implementation and quality improvement in budget and administrative services.	Financial management rules Budget authorization procedures Financial reporting	12.5.1	The rules of analysis, monitoring and cost effectiveness comparisons for the current budget year in	0-10 0-no 5-partially exist; 10-yes.
				12.5.2	How many times was the budget modified.	0-10 Points are awarded after filing in ranking tables for all cities selected.
				12.5.3	Analytic materials to the report on implementation of the local budget include not only indicators of the cash plan and justifications for variances, but also analytical data on performance of public sectors	0-10 0-no; 5- partially exist; 10-yes.
12.6	Involvement of elected authorities (local councils) (R.49, R.74)	The level of local councils' understanding of the budget policy objectives; - existence of adequate procedures for: - budget matters consideration; - fighting against corruption and its manifestations.	- Information for municipal councilors on budgeting - Minutes of the discussion on the draft budgets . -Codes, internal procedures –that explain, e.g., the matters of the conflict of interests, civil servant's ethics, etc.	12.6.1	Procedures for consideration of budgetary matters are prescribed in the regulations of the municipal council or other municipal regulations.	0-10 0-no; 5- partially; 10-yes.
12.7	Discussion on the preparation of decisions on implementation of investment projects and other important programs	- approval of comprehensive local programs (on IT, reforms, structural changes, investment projects, energy conservation and energy efficiency) - the need in the procedures for	Capital budget Sectoral plans	12.7.1	Practice of public participation in this process.	0-10 0-no such practice 5- not regular

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	(R.50, R.59, R.71)	public involvement in defining the most important investment projects.				10- yes, regularly
12.8	Counseling authorities in the budget process. (R.61)	- Provisions on various organizations and commissions exist in the effective legislation.		12.8.1	Provisions on organizations and commissions. Procedures of financial indicators approval with advisory bodies are documented.	0-no 5- partly 10-yes
12.9	Schedule (deadline) for the discussions on budget drafting.	Sufficient time for discussion of budget draft documents.	- the procedure of initiation and consultations on the budget hearings; - minutes and resolutions of public hearings.	12.9.1	Discussions held before submitting the budget to the local council for consideration	0-no 5-less than a week in advance; 10-a week or more in advance
13. Special budget process rules (amendments, implementation and control)						
13.1	Possible amendments to the budget during current year are rather limited (R.78)	Analysis-based amendments to the budget. Excessively frequent amendments create bureaucratic burden, which may complicate the achievement of previously defined objectives. Excessively frequent amendments hamper budget process transparency and respective discussions.	Session decisions on budget amendments.	13.1.1	Number of council resolutions on amending the year's budget	0-amended 4 times and more; 5-amended 2 or 3 times; 10-amended once.
14. Special control and monitoring of activity.						
14.1	Special attention should be given to the development of public-private partnerships (PPP) (R.72)	- PPP development is a possible area for the implementation of infrastructural projects and the search for additional (necessary) resources. At the same time this issue requires additional examination for possible risk avoidance. - Discussion facilitates establishment of efficient PPPs. - The situation should be examined in detail before the PPP establishment.	- foundations and principles of the local strategies and policies; - proposals and calculations of financial needs for the PPP establishment projects; - PPP projects; - PPP agreement implementation reports	14.1.1	PPP projects are properly prepared for the planned budgetary year	0-no 5-partially 10-properly prepared

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14.2	Effective relations with the private sector (R.60)	Establishment of mutual relations between the partners facilitates understanding of the environment; Special attention should be given to: <ul style="list-style-type: none"> • public procurement and local auctions; 	Local economic development plans Contracts, agreements with the private investors, businesses, vendors Statutes/ regulations of advisory committees, coordinating boards etc. Local council decisions.	14.2.1	Availability of advisory committees, work groups, coordinating boards or commissions, which includes private sector representatives	0-10 0-no 10-yes
				14.2.2	Availability of programs of enterprise support, business incubator	0-10 0- no 5- one from mentioned 10- available
				14.2.3	% of construction contracts, executed by local companies	0-10 0- 0% 5- less 50% 10- 50% and more
14.3	Procedures for financial problem solving (R.85, R.86, R.87)	Those procedures have to define: <ul style="list-style-type: none"> - involvement of certain authorities; - general principles of financial problem solving; - authorities of officials on the development of financial problem solutions; - key decisions that must be approved to resolve problems. 	Central and local regulations (by-laws). Guidelines on problem solving in public procurement, accounting and reporting, with examples of typical situations	14.3.1	Guidelines letters, resolutions of local administration boards, etc. contain instructions for sorting out or preventing financial issues.	0-no; 10-yes.
				14.3.2	Depositing of temporarily free funds at banks.	0- not placed. 10- placed
		According to the legislation, one of the mechanisms that help improve the financial status of cities is placement of temporarily free funds on deposit accounts at banks, subject to restrictions imposed by the Government.	Reports on budget execution, local councils' resolutions on funds placement			